Austria ... Sch. 22	Indonesia .. Rp 3100	Philippines . Pes. 20
Bahrain .. Din 0.650	Israel .... NIS 3.50	Portugal .. Esc 100
Belgium ... BFr 48	Italy ...... L 1600	S. Arabia .. Rls 6.00
Canada ... C$1.00	Japan Y600	Singapore . S$ 4.10
Cyprus ... C£0.75	Jordan ... Fils 500	Spain .... Pta 125
Denmark . DKr 9.00	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Egypt .... E£2.25	Lebanon . £L 50.00	Sweden .. SKr 8.00
Finland .. Fmk 7.00	Luxembourg . LFr 48	Switzerland SFr 2.20
France .. FFr. 6.50	Malaysia .. Rm 4.25	Taiwan ... NT $65
Germany . DM 2.20	Mexico ... Pes. 300	Tunisia .. Din 0.800
Greece ..... Dr 80	Morocco .. Dh 8.00	Turkey .... L 500
Hong Kong . HK$ 12	Netherlands . Fl 3.00	U.A.E. ... Dh 6.50
India .... Rup. 15	Norway .. Nkr. 7.00	U.S.A. $1.00

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,211 Wednesday April 15 1987 D 8523 B

Korea: Chun redraws agenda for political change, Page 28

World news

Syria sends troops to Sidon

About 100 crack Syrian troops were deployed along a strategic coastal highway linking Beirut to south Lebanon, thus edging closer to Israel's northern borders.

Witnesses said the Syrian soldiers took up positions in four main points alongside the Lebanese army 12th brigade on the Beirut-Sidon road leading up to Awali bridge just north of the port city. This was the first such Syrian deployment since 1981. Page 4

Spain strike threat

Spanish airline and railway staff maintained a call to strike today, threatening massive disruption of the Easter holiday rush.

Punjab peace move

The Indian Government offered to review the cases of Sikhs held after the army assault on the Golden Temple. The move was an attempt to revive its stalled peace accord with moderate Sikhs in the northern state of Punjab. Page 4

Protest in Istanbul

Istanbul police used clubs to disperse more than 1,000 students who gathered to protest against proposals limiting the number of university student groups.

Sino-Soviet talks

The Soviet Union and China resumed talks on normalising relations. The Chinese hoped for progress on Kampuchea, one of its three obstacles to better ties between the Communist neighbours.

Iran rejects truce

Iranian leader Ayatollah Ruhollah Khomeini dismissed calls for a Gulf War ceasefire during the holy Moslem month of Ramadan. He said the calls were aimed at helping Iraq.

Fallout fears calmed

Nordic and Japanese nuclear experts calmed fears that the Soviet Union suffered an accident at a nuclear power station last month. Fears arose after monitors recorded increased levels of radioactivity from eastern Europe. Moscow denied a leakage.

EEC cool to Turkey

The 12-member European Community gave the Turkish application for membership a cool reception. Britain said it expected further progress on human rights.

US chemical spill

Authorities evacuated about 1,000 people within a 4-kilometer radius of an industrial park in North Salt Lake, Utah, after a chemical spill killed one man and injured six. The substance that spilled was a toxic industrial solvent, authorities said.

IRA man jailed

Veteran Irish Republican Army member Michael McKenny, 60, was jailed for 16 years for his part in a foiled plot to plant several bombs in London and at British coastal resorts during the 1985 tourist season.

Lie tests call

US Navy Inspector General's office called for Marine guards at overseas diplomatic posts to be given routine lie-detector tests following major security leaks at US embassies abroad. Marines recalled, Page 3

EEC shopping laws

The European Community executive commission challenged the right of member states to legislate to prevent shoppers going on day trips abroad to take advantage of bargains.

Women fly for BA

Women pilots are finally to fly British Airways passenger jets on domestic and long-haul routes 10 years after the airline first mooted the idea. Page 12

Business summary

US forest products groups advance

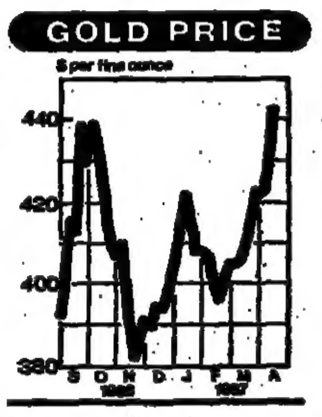
THREE US forest products groups reported sharp improvements in earnings for the March quarter, confirming the strong cyclical upturn in the industry. Page 29

WALL STREET: The Dow Jones industrial average closed down 34.09 at 2,252.98. Page 52

LONDON equities and bonds took their lead from the reaction of the New York markets to the US trade figures. Encouraged by a good performance by bonds, shares moved up only to fall back again on the figures. The FT-SE 100 index was down 8.2 at 1,908.9 and the FT Ordinary index lost 5.7 to 1,506.7. Details, Page 48

TOKYO financial stocks led a surge in share prices which sent the Nikkei average on its steepest ever single-day climb of 604.54 to a fresh record of 23,524.08. The previous largest rise of 505.57 was reached on October 30, 1986. Page 52

GOLD PRICE



GOLD rose $5.50 to $442.75 on the London bullion market. It also rose in Zurich to $444.25 ($438.25). Page 40

DOLLAR closed in New York at DM 1.7950; SFr 1.4785; FFr 5.9725; and Y140.75. It fell in London to DM 1.8020 (DM 1.8100); to Y141.10 (Y142.60); to SFr 1.4850 (SFr1.4985); and to FFr 5.9975 (FFr 6.02). On Bank of England figures the dollar's exchange rate index was unchanged at 100.5 Page 41

STERLING closed in New York at $1.630. It rose in London to $1.6325 ($1.6245); DM 2.9425 (DM 2.94); FFr 9.79 (FFr 9.78); but fell to Y230.25 (Y231.75); and to SFr 2.4250 (SFr 2.4350). The pound's exchange rate index remained unchanged at 72.0 Page 41

TIME, a big US publishing and cable TV group which has been undergoing a stringent cost reduction programme, suffered a fall in first-quarter net earnings from $50.5m or 78 cents a share to $46.4m or 76 cents a share despite higher revenues. Page 29

MARRIOTT, US hotels and food services group, reported a 20 per cent rise in first-quarter earnings to $40.7m or 30 cents a share from $34.2m or 25 cents. Revenues rose from $1.1bn to $1.41bn. Page 30

CDF-CHIMIE, state-owned chemicals group spun off from France's national coal company, is to receive a FFr 3bn ($499m) capital injection from the government. Page 29

UNITY, a troubled insurance, property and investment group headed by Sydney-based entrepreneur Gerry Carter, is to sell A$342m ($246m) of assets in an effort to reduce debts and restore investor confidence. Page 31

A group of Ivy League US universities led by Harvard and Yale, the Brooklyn Union Gas Company, and a Houston oil and gas expert, have joined forces in an effort to get rich quick by spending up to $290m exploring for oil and gas in the Gulf of Mexico. Page 28

EEC Commission is drawing up plans for Britain to end zero rating on Value Added Tax which would cost UK consumers an extra £6.5bn a year, a senior opposition Labour Party member said. Page 12

Gorbachev offers new deal on short-range arms

BY ROBERT MAUTHNER IN MOSCOW

MR Mikhail Gorbachev yesterday made a new offer to effectively dismantle the Soviet Union's entire short-range missile armoury in Europe as part of an overall deal on nuclear weapons.

The offer, made during a meeting in Moscow with US Secretary of State George Shultz, goes further than the proposal Mr Gorbachev made in Prague at the weekend to negotiate separately on short-range missiles.

The Soviet leader's new offer followed an invitation from President Ronald Reagan, contained in a letter brought by Mr Shultz, proposing a summit meeting in Washington later this year.

Mr Gorbachev, however, declined to commit himself to accepting the invitation until after Mr Shultz's talks here, which are aimed at paving the way to an arms control agreement.

US Secretary of State George Shultz hands Soviet premier Mikhail Gorbachev a letter from President Reagan proposing another summit meeting.

At the start of their meeting in the ornate St Catherine's Hall of the Kremlin Palace, Mr Gorbachev answered a journalist's question about whether he could be expected to go to Washington with: "This is precisely what we are going to discuss. I think I have to be hopeful. It just cannot be that I would avoid America in my travels. But generally I do not go anywhere without reason, particularly to America. This summit in the US cannot be just a walk."

The cordial handshake of the two men as they started their meeting, which lasted several hours, and the jocular banter which ensued when the Soviet leader handed President Reagan's unopened letter to Mr Eduard Shevardnadze, the Soviet Foreign Minister, symbolised the good atmosphere in which Mr Shultz's discussions have been taking place.

But neither side is making any attempt to hide the fact that substantial disagreements over several important issues still persist, particularly the problem of how shorter range nuclear weapons in Europe should be handled.

Without disclosing anything but the bare outlines of the subjects discussed by Mr Shultz and Mr Shevardnadze during more than seven hours of talks on Monday, Mr Charles Redman, the US State Department spokesman, and Mr Gennady Gerasimov, the chief Soviet Foreign Ministry spokesman, both said they had been "businesslike."

But Mr Gerasimov added the rider that while the similarity of Soviet and US views had been established on certain issues, differences of opinion on many other problems had been frankly aired by the two foreign ministers.

Mr Shultz was scheduled to have another meeting with Mr Shevardnadze last night after the talks with Mr Gorbachev.

The unexpected extension of their talks late on Monday night and the setting up of special working groups of experts on various aspects of arms control, underlined the difficulties faced by the negotiators. The experts will investigate the elimination of medium range missiles from Europe, the adoption of strategic nuclear weapons and President Reagan's Star Wars initiative.

Continued on Page 28

Argentina reaches debt agreement with banks

BY TIM COONE IN BUENOS AIRES

ARGENTINA and its commercial bank creditors have reached agreement on debt rescheduling and a new loan package, according to Mr Jose Luis Machinea, the head of Argentina's central bank.

He described the deal agreed on Monday night as "historic" and said that the details would be released once Dr Mario Brodersohn, the Finance Minister, returned from New York later today.

Argentina is seeking the refinancing of some $30bn owed to its commercial foreign bank creditors, and in addition is requesting a new loan package of $2.15bn. According to information leaked in Buenos Aires over the past few days, the steering committee of Argentina's creditor banks had by last weekend agreed to the following points:

- New money worth $1.9m at "favourable" interest rates and spreads.
- The difference between the $1.9m offered by the banks and the $2.15bn sought by Argentina would be met by loans from foreign governments, principally Japan.
- Refinancing of the $30m would be dealt with in two parts. $24m of old debts, would be refinanced over 19 years with a five year grace period and a spread of 13/16 of 1 per cent over Libor. This would be similar to the refinancing package obtained by Mexico last year, especially on the spread.

The banks had earlier said that Mexico was an exception and would not be considered a precedent for other negotiations. The other $6bn would be refinanced over seven years with a two year grace period, and similar spread.

The main obstacles remaining appeared to be ober the issue of on-lending and capitalisation of the debt.

Argentina has insisted that the on-lending mechanism, which generates considerable income for the local subsidiaries of the banks but upsets government monetary targets, should be excluded from any new agreement, and that a capitalisation scheme, or debt-for-equity swaps, should be matched dollar-for-dollar by new inward investment.

Argentina negotiated a new standby loan with the IMF last January, worth $1.35bn, plus trade compensatory finance for a further $480m.

At the same time, outline agreement with the World Bank for loans of $2bn were also announced. How-

Continued on Page 28

Alfonsin calls for coalition, Page 5

Brussels plans aid for farmers

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Commission yesterday announced a radical three-part scheme which will allow member states to top up farmers' incomes for the first time since the introduction of the Common Agricultural Policy (CAP).

If agreed by member states, it would mark a highly controversial step towards giving back to national governments more control over their own agriculture policies, thus loosening the EEC's hold over the one sector where its influence is greatest.

The plan includes farm aid from the EEC budget for poorer member states and Community early retirement incentives for farmers. It is estimated it would cost the Community Ecu 2.3bn ($2.5bn) over the next five years.

More prosperous member states like West Germany, France and the UK, which are keen to see farm policy devolved further to national governments, are expected to welcome the scheme. But officials expect the package to get a critical reception from the poorer EEC partners when farm ministers get a chance to discuss it at their next meeting at the end of the month.

Mr Frans Andriessen, the EEC Farm Commissioner, said yesterday the package should make it easier for member states to accept the Community's new restrictive policy on limiting increases in guaranteed farm prices, while at the same time encouraging farmers to take land out of production. "It will make the reform of the Common Agricultural Policy – which we think absolutely necessary – more digestible," he said.

The most revolutionary part of the scheme would allow member states to subsidise farmers whose incomes were below the average for farmers in their region. Governments would be allowed to bring those farmers' incomes up to a maximum of 80 per cent of the national income.

Continued on Page 28

US trade deficit for February rises to $15.1bn

By Lionel Barber in Washington

THE US trade deficit rose sharply in February to $15.1bn, stoking protectionist pressures in Congress and knocking the US Administration's hopes for an early improvement in the trade balance.

The February figures – underscoring Americans continued appetitie for foreign manufactured goods such as cars, clothes and footwear – were worse than many analysts had predicted and showed the US running deficits with nearly all its major trading partners.

Japan, which faces US tariffs on $300m worth of electronics exports annually which take effect on Friday, ran a surplus of $5.1bn in February, the highest since a $6.7bn in November.

Mr Malcolm Baldrige, the US Commerce Secretary who led the Reagan Aministration's retaliation against Japan, said that improvements in the US trade balance since February 1986 had been "slower than projected." But he repeated his long-standing predictions of a turnround on the back of the lower dollar.

Mr Clayton Yeutter, the US Trade Representative, referring to the sharply increased $33.7bn import total in February against $28.7bn in January, said the rise was "perplexing." But he countered that demand in the US economy remained strong.

The February trade deficit rise was exaggerated by the downward revision of the January deficit from $14.8bn to $12.3bn. According to Mr Bob Giordano of Goldman Sachs, it also obscures a nominal improvement in the trade balance so far this year of $10bn on a seasonally adjusted basis compared to the last quarter of 1986.

Mr Giordano also pointed out that the high import bill was largely due to massive inventory accumulation in the US economy. After liquidating $10bn of inventory at the end of 1986, companies inventories have jumped to $35bn this year, much of it semi-finished goods.

Despite these explanations, the perception among many Americans, reinforced in the US press, television and in Congress is of a country struggling to compete with foreign manufacturers' and a 1986 trade deficit of $170bn.

Yesterday's trade figures appear as Congress is considering a new trade bill which could include measures to ensure mandatory retaliation by the Administration against trading partners running large surpluses with the US – summed up by the Gephardt amendment in the House of Representatives.

Lex, Page 28

Banks' support fails to halt slide in dollar

BY JANET BUSH IN LONDON

THE DOLLAR ended under pressure yesterday in the wake of news of a widening US trade deficit in February, despite intervention on its behalf by several leading central banks.

Foreign exchange markets were extremely volatile, buffetted before the trade figures were released by rumours of an even larger deficit than actually emerged and by speculation that US interest rates may be raised to stop the dollar falling.

The dollar had hit new lows against the yen in Tokyo despite sustained and substantial intervention in its support by the Bank of Tokyo. It continued to drop during European trading on rumours that the trade deficit could be as high as $18bn.

When the figures were released showing a deficit of $15.1bn, the dollar hit a record low of Y140.35 but then steadied again with the help of central bank intervention.

Several central banks, including the Bundesbank, the Bank of France, the Swiss National Bank and the Bank of England, were all believed to have participated in a loosely co-ordinated action, timed to coincide with the release of the trade figures.

Most appeared to be buying dollars against the yen but also against other currencies. One European monetary official said that the action was not exclusively focused on the dollar against the yen but was a more general attempt to bolster the dollar. However, the amounts involved are believed to have been relatively modest.

The dollar's decline appeared anyway to have lost some of its momentum after the trade figures were released. Although February's deficit was regarded as an extremely disappointing figure, the fact that it was substantially less than the rumours had suggested mitigated the immediate negative impact. The downward revision of January's deficit also helped somewhat.

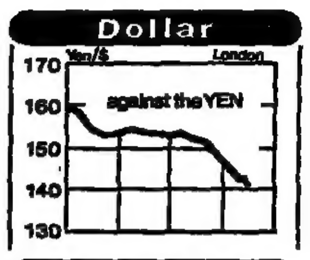
In New York, bond prices fell sharply on the trade news before recovering again. The Treasury long bond dropped almost a full point and yields were pushed up to almost 8.5 per cent before rebounding to take yields back down to 8.33 per cent.

Trading in equities displayed a similar pattern, first dropping sharply and then recovering some ground.

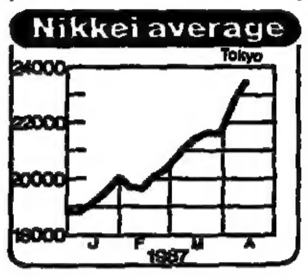
However, after this brief period of calm, pressure on the dollar began to build again in New York and it fell to its day's low against the D-Mark to under the key DM 1.80 level.

Throughout the recent period of volatility on the foreign exchanges, the dollar has been primarily under pressure against the yen but there are fears that negative sentiment could spill over into other currencies.

Dollar



Nikkei average



Mr David Morrison, chief international economist with securities house Goldman Sachs in London, said the fall below DM 1.80 could signal more generalised pressure on the dollar. The foreign exchange market has consistently brushed of central bank intervention in recent days and is now looking for an official policy response in terms of interest rates in order to stop the dollar falling.

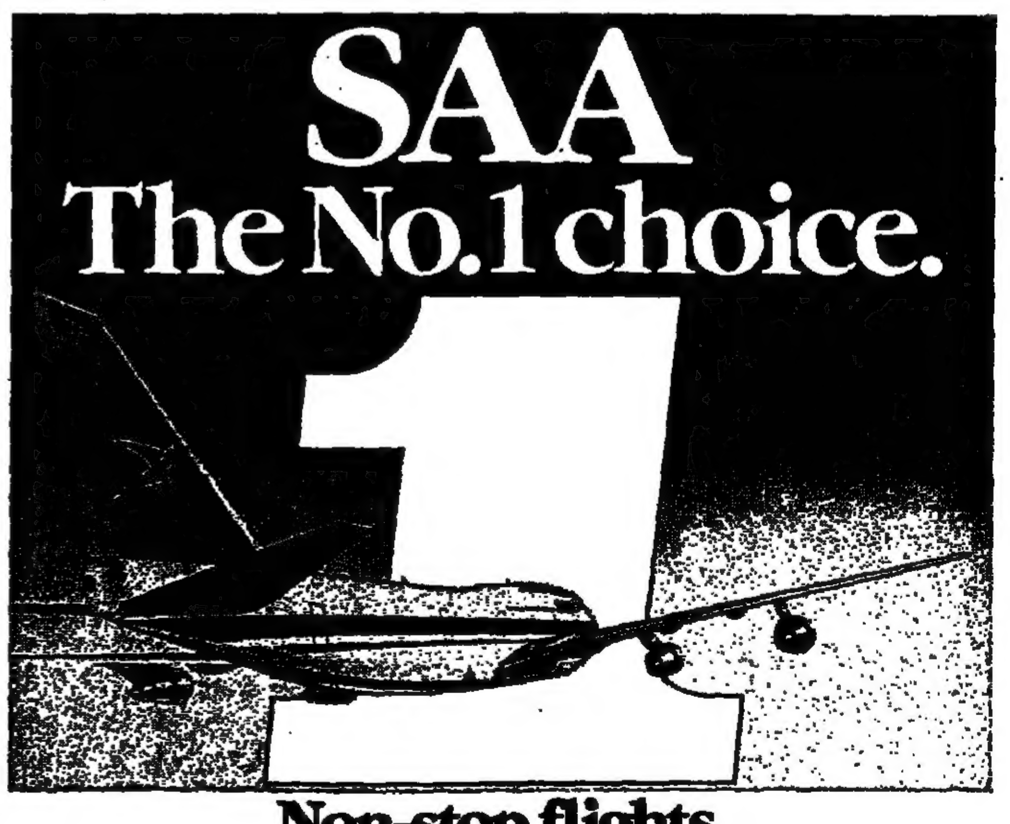
The key Federal Funds rate has been rising gradually in recent days, suggesting that the US Federal Reserve is subtly allowing a tightening of credit policy.

There was some speculation yesterday that US prime rates may be raised again this week in response to the firming in market interest rates. Talk surfaced of a possible rise in the US discount rate although this seems unlikely at this stage.

Reuters yesterday reported remarks by Federal Reserve Board Governor Mr Robert Heller that he would not be in favour of a higher discount rate, which appeared to have sparked off the renewed decline of the dollar in the US.

In London, the dollar closed at Y141.10 compared with Monday's closing Y142.60 and also slipped against the D-Mark to close at DM 1.8020 after DM 1.8100 before falling further in New York.

Tokyo's retaliatory moves, Page 6; Japan-US farm talks, Page 40; money markets, Page 41



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COVERING UP THE DEBACLE IN THE DESERT

Libyan leader Muammer Gadaffi is desperate to draw attention from his forces' devastating defeat in Chad. Page 27

Strike threat overshadows West German pay talks

BY PETER BRUCE IN BONN

WEST GERMANY'S biggest trade union and its most powerful group of employers meet near Frankfurt today in what could be a final face-to-face effort to stop 1987 pay and conditions negotiations degenerating into a national strike.

Tension between the metalworkers union, IG Metall, and the employers, Gesamtmetall has been running high for weeks but has peaked in the past few days after Gesamtmetall applied for a court ruling on whether a series of recent "warning strikes" were legal.

A decision against the union by the Arbitration Court could lead to a DM 1m (£340,000) fine and its president, Mr Franz Steinkuehler, wrote an angry letter to Mr Werner Stumpfe, the head of Gesamtmetall, on Monday accusing him of trying to sabotage today's talks.

IG Metall has about 1.6m members, and in addition to the traditional pay round this year it is also demanding progress on the introduction of a 35-hour working week from the 38.5 hour average won in a major strike in 1984.

That stoppage brought the entire West German motor industry to a halt for seven weeks and employers have been warning that while the economy was strong enough to absorb the effects of a strike then, it no longer is.

The union, which argues that shorter working hours create jobs, nevertheless wants a 5 per cent wage rise and 90-minute cut in the working week now and agreement to cut another hour each in 1988 and 1989. The union claims the cut from 40 hours to 38.8 hours in 1984 created 100,000 jobs—the employers say the figure is closer to 20,000.

For about a month now IG Metall members throughout the country have been taking part in brief stoppages—the warning strikes—in an effort to put pressure on employers. When negotiations on pay and hours broke down in the key state of Baden-Wuerttemberg last week the union began to instruct its members to prepare for a full strike.

Today's talks, which only have a slim chance of achieving anything have been hastily arranged ahead of a formal arbitration process that follows the breakdown of official negotiations.

An arbitrator would have great difficulty bringing the two sides together now, especially as Mr Steinkuehler, in his first year as IG Metall's youngest ever president (he is 49), has staked his political reputation on winning significant time concessions from employers. So far, the employers have offered a half-hour cut from July 1988 and a 2.7 per cent pay rise which the union has rejected.

Meanwhile, Gesamtmetall's chief executive, Mr Dieter Kirchner, warned at the weekend that failure at today's meeting would have "very serious" consequences for the metalworking industry. Mr Steinkuehler has described it as an "all or nothing" meeting.

Employers have not yet agreed to call for arbitration in Baden-Wuerttemberg, but it is thought that they may do so after today's talks, whatever the outcome. The arbitrator would then be chosen, by drawing lots, between someone proposed by the union and another by the employers. That could happen tomorrow.

The Baden-Wuerttemberg arbitration would set the tone for the whole country. Assuming it began just after Easter, it would have until May 12 to find a compromise. If it does not, then IG Metall can legally ballot its members on strike action.

Prague PM warms to reform

BY LESLIE COLITT IN BERLIN

CZECHOSLOVAKIA'S reform-minded Prime Minister, Mr Lubomir Strougal, has spoken out in favour of Soviet style economic and political reforms only a few days after a visit to the country by Mr Mikhail Gorbachev.

Mr Strougal said Czechoslovakia would be making "a fatal mistake," if there were no progress in "democratising our society," and if those who offered it help were not given a chance. Mr Gorbachev's talks with the Czechoslovak leadership had shown there were many similarities between the "problems and intentions" of the two countries, he said.

Mr Strougal was chairman of the Czechoslovak Government's economic reform under the brief "Prague Spring" of 1968. Afterwards, he alternated between a hardline attitude toward even limited economic reform and a more open approach. Since last year's Czechoslovak party congress, he has often spoken out on the pressing need for "economic restructuring."

The outline of a planned economic reform issued earlier this year said it would be implemented gradually in coming years. The reform would end so-called administrative management of the economy by issuing directives and replacing it with "economic instruments." Companies are to be given greater autonomy while subsidies to loss making concerns are to be phased out.

Mr Strougal has been criticised by Mr Vasil Bilak, the chief ideologist of the Czechoslovak Communist Party, indicating a split in the leadership.

Yugoslav industrial output rises

BY ALEKSANDAR LEBL IN BELGRADE

INDUSTRIAL PRODUCTION in Yugoslavia rose by 9.9 per cent in March, compared with February and by 5.5 per cent over March 1986. The quarterly increase was only 2.1 per cent, compared with the first quarter of 1986, as a result of sluggish performance in the first two months.

Exports to industrialised countries rose by 10.6 per cent to $1.99bn, while imports increased by 1.1 per cent to $1.45bn. The share of exports to hard currency areas increased from 65.5 per cent to 74.8 per cent, while imports from those areas rose from 68.4 per cent to 73.5 per cent.

Exports fell by 8.4 per cent and imports by 14.8 per cent compared with the first quarter of last year. The decline has mainly been in trade with Socialist-bloc countries, especially the Soviet Union, and with developing countries.

The exports-to-imports ratio went up from 73.1 per cent to 83.6 per cent.

Retail prices rose in the first quarter by 22.8 per cent and were 90.6 per cent higher than the level 12 months ago despite rigid price controls.

This year looks set to be a record for strikes, with 400 stoppages in the first three months alone, involving 51,000 workers. Last year was also a record, with 696 strikes involving 60,000 workers out of total workforce of 6.7m.

France doubles its programme for motorway building

BY GEORGE GRAHAM IN PARIS

THE FRENCH Government has doubled its motorway construction programme to take its network up to a total of 8,000 km.

Mr Pierre Mehaignerie, Minister for Equipment and Development, said the construction of 2,700 km of motorway by 1995 — 1,500 km more than originally planned—would help to avoid being "put on the sidelines of a Scandinavian-Italy corridor."

The additional motorways now planned will be concentrated on routes avoiding Paris, which currently sits at the centre of the "spider's web." The Paris region will benefit, however, from an acceleration of the plans for new town bypasses and for an outer ring road.

The main new motorways will link Geneva to the Atlantic coast via Clermont-Ferrand; Calais to Tours without passing via Paris; Marseille to Grenoble; and open up the Massif Central region.

Mr Mehaignerie: keeping France on main road.

The loss-making motorway toll companies will receive a capital boost of FFr 2bn (£204m) from the receipts of the Government's privatisation campaign. This will allow the state to divert its operating subsidies to other roadworks and is expected to help the companies return to profitability by 1995. This in turn will enhance their borrowing power.

Work is expected to begin on 200 km of new motorways this year and on 320 km in 1988. After that, an average of 250 km a year will be started.

Court rules Marcinkus arrest warrant legal

BY ALAN FRIEDMAN IN MILAN

A MILAN court has upheld the validity of arrest warrants issued against Archbishop Paul Marcinkus, chairman of the Vatican bank, and two senior bank officials. The three officials of the Istituto per le Opere di Religione (IOR), or Vatican bank, are accused of having been accessories to the fraudulent bankruptcy which led to the collapse in 1982 of the late Roberto Calvi's Banco Ambrosiano.

The judgment, which comes in response to legal objections to the arrest warrants submitted by lawyers for Mgr Marcinkus and the other Vatican bankers, marks an important judicial defeat for the embattled 65-year-old prelate, who risks arrest if he sets foot on Italian soil. His lawyers are expected to appeal.

However, the judgment went well beyond the mere question of whether the arrest warrants were valid legally. The court said that under the 1929 Lateran Pacts between the Italian state and the Holy See, the latter must hand over persons accused of crimes committed on Italian territory.

It actually pronounced its view that on the basis of available material those being sought—Archbishop Marcinkus, Mr Luigi Mennini (the IOR's managing director) and Mr Pellegrino de Strobel (chief accountant)—are guilty as charged of being accessories to the fraud which resulted in the Ambrosiano crash. This kind of court judgment was hailed yesterday by one of the key Milan judges who has investigated Archbishop Marcinkus as "a very important step forward." He confirmed that Mgr Marcinkus would stand trial, probably later this year, whether extradited or not.

The judgment said that "on the basis of the material provided one can clearly identify the fundamental role of the IOR in the construction by Calvi of hidden operations." It added that there were elements "which appear indicative of a mutual desire to falsify the facts" on the part of the late Mr Calvi and the Vatican bank.

It referred explicitly to the overseas dummy companies which the IOR controlled both directly and indirectly and to which Ambrosiano lent $1.3bn which was never recovered and which led to the bank's collapse.

The upholding of the arrest warrants marks the first legal defeat for the Vatican in what promises to be a lengthy and complex process. So far, the only official statements from the Vatican have been the recent comment from Pope John Paul that the warrants represent "a brutal attack" on Mgr Marcinkus and the Holy See's warning that it would not tolerate "interference" in Vatican affairs.

Budapest plans statue of vanished diplomat

BY MAURICE SAMUELSON

THE HUNGARIAN authorities are to pay tribute next month to Mr Raoul Wallenberg, the Swedish diplomat whose post-war disappearance has remained a bone of contention between Stockholm and Moscow for more than 40 years.

The Budapest Municipal Council last week decided to erect a statue of the Swede who saved thousands of Jewish lives in the closing months of the Second World War.

The life-sized bronze, is a fashionable part of the city, will depict a youthful Mr Wallenberg taking on the SS squads of Adolf Eichmann 43 years ago. It will be dedicated during a conference of the European Executive or the US-based World Jewish Congress, the first to be held in Hungary.

A Budapest street already commemorates the Wallenberg's actions there. But the new statue, by the leading Hungarian sculptor Imre Varga, will have a further potent significance. Four years after the war, the people of Budapest erected a monument in his honour, only to see it demolished by the Stalinist authorities on the eve of its official dedication.

Mr Wallenberg arrived in Budapest in July 1944 on a mission to save as many Jews as possible from the Nazis. Together with other neutral diplomats, he issued protective passports and flew his country's flag on buildings in which the Jews took shelter.

On January 17, 1945, he was taken under Soviet "protection" and has never been seen again outside the Soviet Union. In 1957, the Russians—having previously disclaimed knowledge of him—announced that he had died of heart failure in prison during the height of the Stalinist terror. The Swedes have never believed this.

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William Dawkins reports on the muted reaction to Ankara's bid for membership of the European Community

Honour-bound EEC greets Turkish overture with polite dismay

TURKEY'S bid to join the EEC was greeted yesterday with polite resignation by most member states.

The obvious exceptions are Greece, with its long-standing animosity towards Ankara, and Belgium, which is extending a courteous hand towards Turkey in its capacity as chairman of the EEC Council of Ministers.

Despite anxieties over human rights and doubts over the wisdom of starting new membership talks so soon after the admission of Spain and Portugal, all the members know they are honour-bound by the Treaty of Rome to consider any membership application from a European state. Moreover, the EEC association agreement signed with Turkey in 1963 stipulates that Ankara can apply.

Nonetheless, there was widespread agreement that Ankara's timing was not right, and that the application would pose a dilemma for those countries who would not want to be seen rejecting it for political reasons but felt nonetheless that it was premature.

Yesterday's short ceremony at the elegant Palais d'Egmont in Brussels (where Denmark, Ireland and the UK signed their entry agreements in 1972) signals the start of a long process of diplomatic agonising between the 12 present member states.

Professor Ali Bozer, the Turkish Minister of State for European Community Affairs, presented to Mr Leo Tindemans, the Belgian Foreign Minister, three letters applying to join the European Economic Community, the European Coal and Steel Community and Euratom—the atomic energy community—which together make up the European Community.

These letters will be presented at the next meeting of Community foreign ministers at the end of this month, though member states are not expected to vote until June on the next step—to ask the European Commission for its opinion. That request needs a simple majority of member states, though unanimous support will eventually be needed if Turkey is to be admitted.

Most member states were yesterday keeping a low official profile on how they will handle Turkey's overture, though Denmark, the Netherlands, Britain and West Germany have all expressed doubts for different reasons. None, apart from Greece, wants to offend a key strategic neighbour and important member of the North Atlantic Treaty Organisation, yet the practical problems posed by Turkish membership are horrendous. British Foreign Secretary Sir Geoffrey Howe yesterday made clear that the UK expected progress on human rights before it would back the application.

Nobody, least of all Turkey, doubts that the Commission will take a long time to draw up a report, assuming the required majority of member states asks for one.

The big doplimatic question is whether there can be any flexibility in Greece's enmity. Continued wrangling between the two in the Council of Ministers would bring EEC decision-making almost to a stop. But a spokesman for the Greek Foreign Ministry in Athens yesterday said there was no scope for movement at the moment.

In a statement from Cyprus yesterday, President Spiro Kyprianou said it would be inconceivable for the EEC to accept the Turkish application or even to start negotiations while Turkish troops continued to occupy northern Cyprus. Cyprus has been an associate member of the Community since 1972.

There is also the question of how to integrate Turkey's developing economy with that of the EEC. While Turkey is far from backward in sectors such as construction, textiles and machine building, it is still heavily reliant on state aid. Such national support could not be replaced by aid from a Community that is already bankrupt, Commission officials point out — and if Turkish state aid stayed in place it would cut across EEC competition laws.

Politically there is the wider problem of whether Turkey could adapt its constitution to the democratic style of government that EEC membership would demand.

But yesterday Commission officials stresed that they will take the Turkish application seriously if it lands on their desks. It might well be an advantage for the EEC to embrace a huge and expanding—gross domestic product up by 5.6 per cent last year—market of 51m people, almost the size of France or the UK.

While bringing Turkey into the Common Agricultural Policy would be fiendishly complex, it would at least remove one large market on which EEC producers can claim export refunds from the Community's hard pressed budget and would not present problems radically different from those already experienced during the admission of the existing southern member states.

Even if the Turkish application gets nowhere, it will give Ankara the chance to put pressure on the EEC for closer political and economic co-operation, says one national official. Aid worth Ecu 600m (£423m) to Turkey has been frozen since 1981, just after the military coup, while Ankara has made very slow progress in lifting import tariffs.

If nothing else, says the official, the shock of the application might help Turkey to swing EEC relations in its favour, quite apart from the membership question.

TURKEY'S Prime Minister, Mr Turgut Ozal, yesterday said that his country could be a *full* member of the European Community within ten years, but he warned Turks that they must be prepared to hear unwelcome things said about their country during the months ahead.

Amidst a mood which many foreign diplomats lobbying to delay the application regard as somewhat out of touch with the Community realities, the Government began to spell out to the public some of the implications of joining.

Mr Ozal said he had no doubts that Turkey's industry would be able to compete inside the Community and that Turkey would offer an important new market for the EEC.

He sidestepped questions about whether Turkey's legal and constitutional situation make it eligible to sign the Treaty of Rome at present, hinting that some changes might be made. Mr Ozal said these changes should be submitted to the Turkish people in a referendum.

It is assumed here that Turkey may have to decriminalise Communist and fundamentalist Islamic movements and ease its strict controls on the press, unions, and the right to form private associations.

Mr Ozal said that the number of commissioners to which Turkey would be entitled would have to be fixed during the negotiations. By the year 2000 Turkey would be substantially more populous than any existing Community member and could plausibly claim three commissioners in Brussels.

Opposition leaders appeared generally disposed to back the Government in the EEC application. There have been some mutterings about the eligibility of the present Parliament making it. The Parliament was elected under martial law in 1983, with pre-selection and vetoing of candidates and with 12 out of 15 political parties being barred from standing.

However, as one Social Democratic opposition politician said: "In principal we would object to this Parliament making the application but as we have now recruited a parliamentary group ourselves from among defectors from other parties, it is unlikely to happen."

Sweden's trade surplus shrinks

By Kevin Done, Nordic Correspondent in Stockholm

THE SWEDISH trade surplus fell to SKr 7.5bn (£731m) in the first three months of this year from SKr 9bn in the corresponding period last year. The value of exports rose by 5 per cent, while the value of imports increased by 9 per cent, according to the Swedish Central Office of Statistics.

Excluding oil and ships, exports increased by 3 per cent in value in the first quarter, while imports rose by 13 per cent compared with the corresponding period of 1986.

In March alone the trade surplus shrank to SKr 2.5bn from SKr 4.1bn in March 1986, reflecting a 10 per cent increase in the value of exports and a 22 per cent rise in the value of imports.

● The rate of inflation in Sweden is rising again despite the implementation of a price freeze by the Government earlier this year.

Consumer prices rose at an annual rate of 3.8 per cent in March compared with an increase of 3.4 per cent in February and 3.2 per cent in January, the lowest 12-month increase in the inflation rate since October 1969.

Prices are still increasing significantly faster in Sweden than in its eight main trading partners.

● Swedish industrial production, which stagnated at a high level for much of 1985 and 1986, rose to a record level in February with an increase of 2.6 per cent from January. Production was 4.4 per cent higher than in February last year. Industrial production in the three months from December to February was 1.5 per cent higher than in the preceding three months, with the strongest development shown by the pulp and paper and engineering sectors.

Brussels acts on border shopping

BY OUR BRUSSELS STAFF

THE EUROPEAN Commission yesterday launched legal proceedings against Ireland and Denmark over both countries' recent moves to discourage cross-border shopping sprees.

The Brussels authorities have sent warning letters giving Dublin and Copenhagen a month to justify national restrictions on shoppers slipping over their respective boundaries with Northern Ireland and West Germany to take advantage of lower sales taxes.

"These two countries have overruled Community law," said Lord Cockfield, the British Commissioner responsible for the internal market.

If the Commission is not satisfied with their replies, it will then issue a "reasoned opinion" explaining why Denmark and Ireland are breaking EEC regulations on free trade between member-states, following which it could take them to the European Court of Justice.

The Dublin Government declared in its Budget earlier this month that travellers spending less than 48 hours outside the Republic should not be allowed to take advantage of travellers' allowances for the amount of cut-price goods they could bring back.

The aim was to crack down on the estimated £300m of sales a year which the country loses to the North due to cross-border shopping.

Denmark followed a week later with a 24-hour limit, aimed at throttling the DKr 3bn (£270m) annually which officials estimate is spent by Danish shoppers in West Germany.

Lord Cockfield is convinced that these restrictions run counter to the EEC directive on border traffic, which makes no such distinctions between *bona fide* travellers and shoppers, though it does have different rules for people living in border areas or working in international transport.

Commission officials recognise that Denmark and Ireland have a real problem of loss of revenue because of border shopping, but they argue that taking national steps to solve the issue would set a bad precedent in the creation of national barriers to free trade.

The pair should loko instead, they argue, to Commission proposals to bring VAT rates throughout the EEC more into line, which would remove the main incentive—to take advantage of lower sales taxes—for cross-border shopping trips.

Dutch officials said yesterday they did not believe the border traffic directive was intended to permit organised cross-border shopping sprees. Mr Ray MacSharry, Irish Finance Mininster, said he was fully confiedent of the legality under EEC law of his measures.

US recalls Marines over East bloc security fears

BY PATRICK BLUM IN VIENNA

FIVE MARINES employed on security duties at the US embassy here were sent home on Sunday on suspicion that they may have breached security while posted in Eastern Europe.

A spokesman for the embassy said yesterday: "They were sent home on suspicion of having had social contacts with host country nationals while serving at US embassies in the East bloc." Their return was strictly related to activities before their posting in Vienna, he said. "It had nothing to do with anything that they did while serving in Vienna."

He would not say how long they had been in Vienna or from which countries they had come.

"They have not been charged with espionage activities," he added. Their return to the US was "part of a continuing review of security procedures at many US embassies which follows the discovery of espionage attempts at the US embassy in Moscow."

Several security reviews at US embassies were on the way, including one requested by the Defence Department which had asked the navy to investigate the selection and training of Marines for US embassy security duties, he said.

Concern in Bonn over radiation increase

By Our Foreign Staff

THE WEST GERMAN Government is seeking clarification from the Soviet Union about an increase in atmospheric radiation which scientists said could have come from a Soviet nuclear power plant.

Higher levels of iodine 131 and xenon 133 were detected in the atmosphere over several days in mid-March. Similar increases had been recorded by authorities in Scandinavia and Western Europe.

A Soviet Foreign Ministry spokesman said in Moscow yesterday, however, that no increase in radioactivity had been recorded recently in the Soviet Union.

The Bonn Environment Ministry began closer testing after Swedish reports of higher atmospheric radiation on March 13. The West German authorities also contacted the International Atomic Energy Authority in Vienna for further information.

According to a report prepared for the ministry by the Freiburg-based Institute for Atmospheric Radioactivity, the radiation probably came from some form of minor nuclear accident rather than renewed Soviet nuclear tests.

However, Mr Gennady Gerasimov, the Soviet spokesman, said that if any such increase had been recorded in Scandinavia and Western Europe, "the cause cannot be on Soviet territory."

Mr Sture Nordlinder, a radiation inspector at Sweden's National Institute of Radiation Protection, said the radioactivity was at "very low levels" which were not worrying.

He added that the source was unclear but that it could have come from a leak shortly after a Soviet underground nuclear test.

In Britain, the National Radiological Protection Board said it was aware of European reports but said that no increases in radioactive iodine had been detected in Britain. The board said the increases could have come from a weapons test leak. This has happened in the case of at least one US test explosion.

Study sheds light on Nato's neutron arsenal

BY DAVID BUCHAN

MORE than 800 neutron bombs are stored in the US, and a similar number of warheads soon to be deployed in Europe may be easily converted into neutron weapons, according to a British university study published yesterday.

It claims that more than 800 neutron warheads, for both Lance missiles and 203 mm howitzers, were produced by the US and remain stored at the Seneca arsenal in New York State, after European objections in the late 1970s to their deployment in Europe. They are designed to kill people rather than destroy buildings.

In his study for Bradford University's School of Peace Studies, Mr Dan Plesch suggests that the US may be developing some of the new W-82 nuclear artillery shells with screw-on module of tritium to make them into neutron weapons.

The evidence for this seems to rest solely on the repeatedly stated desire of General Bernard Rogers, Nato's European commander, to have such a rapidly convertible neutron weapon as part of the modernisation of the alliance's tactical nuclear weaponry. Congress has refused funds to produce such a module, but Mr Plesch speculates that the US Department of Energy might be making it in a classified programme.

But Nato governments, apart from to some extent the US, have been very selective about their collective 1983 decision to have a less numerous but more modern array of tactical nuclear weapons in Europe.

The British Government, for instance, has been accused by UK opposition parties of failing to inform Parliament of its modernisation programme. But the Ministry of Defence repeated yesterday that "no decision affecting the modernisation of the theatre nuclear weapons in service with British forces has yet been made." British forces in West Germany have long had dual-capable missiles and artillery, able to fire nuclear or conventional warheads.

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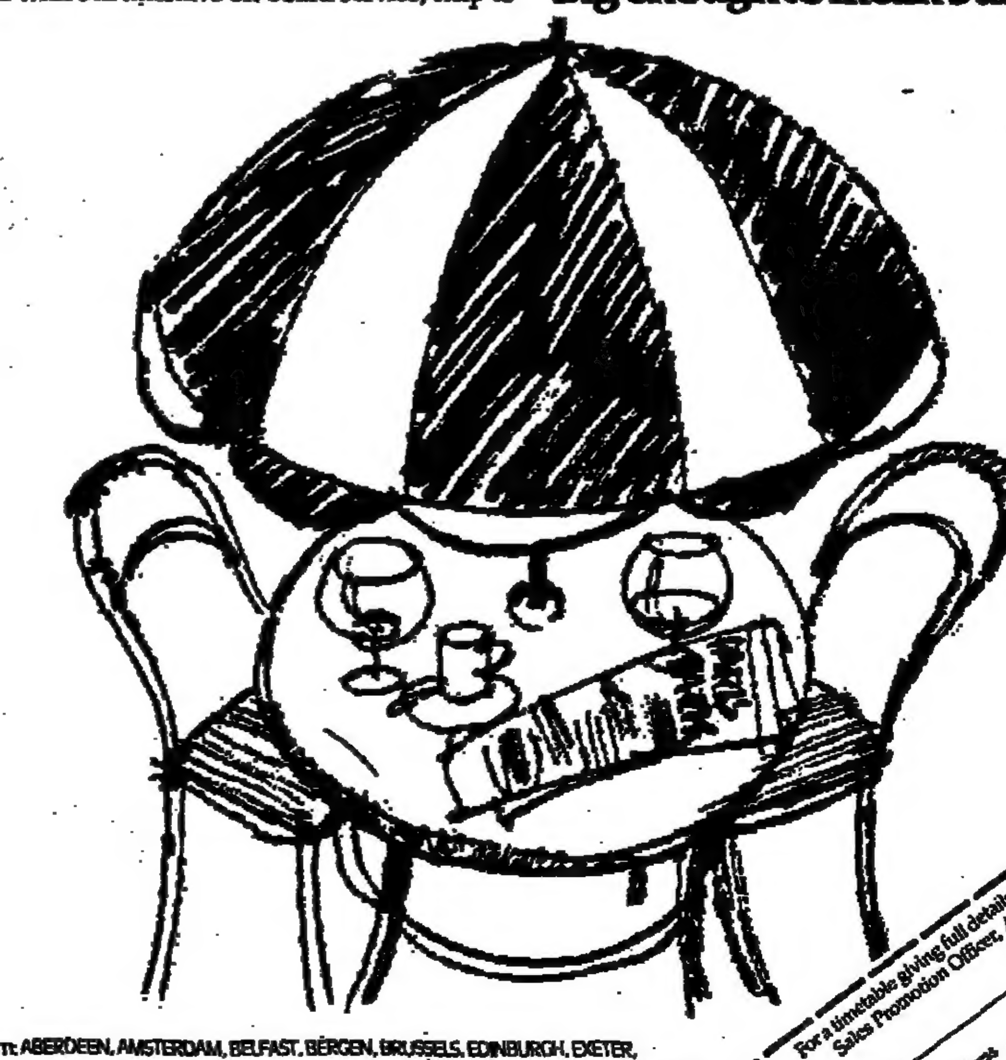

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India to review Sikhs' cases

The Indian Government offered to review the cases of Sikhs held after the army assault on the Golden Temple in an attempt to revive its stalled peace accord with moderate Sikhs in the northern state of Punjab, Reuter reports from New Delhi.

A Cabinet minister told a political rally near the temple in the Sikh holy city of Amritsar that the cases of all 376 Sikhs imprisoned without trial since the June 1984 storming of the temple would be re-examined.

The men's continued detention is a stumbling block to the implementation of a peace accord Prime Minister Rajiv Gandhi signed with Sikh moderates in July 1985.

More than 1,000 people were killed in the army action to flush out extremists from the temple which angered many of India's 14m Sikhs.

The promise of a review followed four hours of talks on Monday between Mr Gandhi and Punjab Chief Minister Surjit Singh.

The failure to implement the accord has undermined Mr Barnala, who is battling Sikh extremists fighting for a separate homeland in Punjab.

Human Resources Minister Mr P. V. Narasimha Rao, who made the announcement, did not say how long the review would take.

Allegations of Uganda torture

DETENTIONS without trial, torture and killings of civilians continue under the Government of President Yoweri Museveni, who came to power 15 months ago, promising to end such abuses, a Ugandan human rights group claimed yesterday, AP reports from Kampala.

"There are only two cases of those served with detention orders, but there are hundreds of others who are arrested and taken to (army) barracks," Mr John Owino, a spokesman for the Ugandan Human Rights Activists, said.

The group, founded in Sweden in 1982 by self-exiled Ugandans, this week issued a quarterly report on human rights violations in this East African nation.

Tony Blackburn, recently in Conakry, examines a west African country's attempt to regenerate economic growth

Guinea samples alternative remedy to malaise

THE WHEEL is turning full circle in the west African state of Guinea where the French are returning in force nearly 30 years after their hurried exit following President Sekou Touré's dramatic "non" to General De Gaulle.

Guinea, the first French west African colony to gain independence in 1958, was also the only one to reject the offer of continued French aid. Instead, it adopted the Soviet model of economic development, which required increasing political repression.

The military regime of General Lansana Conte, who seized power after President Touré's unexpected death three years ago has taken a more liberal and pragmatic approach towards the development needs of this rundown, but potentially prosperous, country.

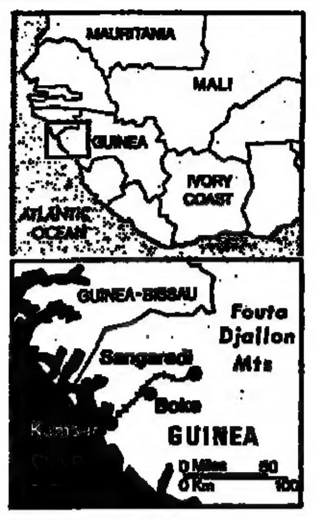
It has abandoned the centralised system of economic management and called in the International Monetary Fund, World Bank and Western aid donors to help implement a sweeping economic reform programme to encourage private enterprise.

The reversal in policy was deemed necessary to resurrect a ruined economy where, in spite of immense mineral and agricultural resources, per capita income has sunk to only $270 a year. Guinea now ranks among the world's poorest countries.

It had been regarded as the "jewel" of French west Africa and as well as being the world's largest bauxite producer, the country has important gold, diamond and iron ore reserves. With abundant drought-free and fertile farmland, Guinea was also a net exporter of bananas, pineapples and coffee and was self-sufficient in food.

The French have recently become one of the strongest supporters of Guinea's economic recovery programme.

Political support was shown by President François Mitterrand's visit to Conakry in November, and France has become the main bilateral aid donor with $94m in 1985.



After nearly three decades of independence the former "jewel" of French west Africa has been reduced to one of the world's poorest countries with an annual per capita income of only $270.

French buses in the streets of Conakry and a new passenger terminal at the international airport are the most visible signs of French aid. About 840,000 textbooks have also been distributed countrywide as French is brought back in primary schools.

French involvement in the economic recovery programme include:

● French consultants such as Sodeteg an IDI have drawn up master plans for economic and industrial recovery which could serve as a springboard for French contractors and suppliers;

● the three new banks in the restructured banking system are French-managed and a Frenchman holds the key position of Deputy Director-General of the Central Bank. The local IMF and World Bank representatives are French;

● Essential food imports are handled by the Société Commerciale de Guinée, in which French trading firms SCOA and CFAO are partners with the Government;

● French companies are likely to take over seven of the 18 state industrial enterprises to be privatised by the end of this month.

Concern, however, is growing in some official and intellectual circles at what is seen as a French "invasion" and the "surrender" of the economic independence established at such great cost by Sekou Touré.

"The French are better placed than others due to language and historical links," one senior official pointed out. "But care must be taken to prevent Guinea being recolonised."

In contrast to the major changes in economic policy, the Government has sought continuity in its external relations, notably ties with the Eastern bloc.

Mr Daniel Lopis, the Secretary General at the Ministry of Foreign Affairs, said: "We co-operate with everyone wishing to participate in national recovery." The "density" of that co-operation depended on "what is offered."

He said the Socialist countries provided valuable cultural, scientific, social and agricultural assistance, despite economic problems. Observers, however, say that military assistance has traditionally been the "densest" area of Soviet co-operation. The 8,000-strong Guinean army is mainly Soviet equipped and trained. One significant change is that the Presidential Guard is French-trained.

Officials stress that economic recovery should be Guinean managed. A senior official said: "Priority must be given to mobilising Guineans and the respect of national sovereignty."

Aid donors say that such a policy, if strictly applied, would greatly slow down recovery. They are concerned about the Government's failure to meet deadlines for laying off 30,000 of the plethoric 88,000-strong civil service and to restructure 45 loss-making public industrial enterprises.

Mr Edouard Benjamin, the Planning and International Co-operation Minister, stresses, however, the Government's commitment to reform and says "more time" may be needed to prepare for the socio-political consequences.

Meanwhile in Paris this month, the first World Bank consultative group meeting on Guinea pledged support for a $670m three year (1987-89) *public investment* programme giving priority to the repair of the country's dilapidated road network.

The serious electricity and water shortages, crumbling buildings and pigs rummaging rubbish in the streets near the centre of Conakry suggest that recovery is a long way off, although a start has been made.

Syria sends troops down road to Sidon

About 100 crack Syrian troops were deployed along a strategic coastal highway linking Beirut to south Lebanon yesterday, thus edging closer to Israel's northern borders, Nora Boustany reports from Beirut.

Witnesses said the Syrian soldiers took up positions in four main points alongside the Lebanese army 12th brigade on the Beirut-Sidon road leading up to the Awali bridge just north of the port city. This was the first such Syrian deployment since 1981. The expansion of the Syrian presence south of the Lebanese capital raised fears of possible friction wtih Palestinian guerrillas entrenched in hilltop villages and shantytowns above Sidon.

The move came one week after Syrian soldiers lifted a siege by their Shia Lebanese allies around Palestinian camps in Beirut and preceded a scheduled meeting in Algiers of the Palestine National Council, the Palestinians' parliament-in-exile.

Surgeon threatened

Dr Pauline Cutting, the English surgeon who survived a 5½-month siege in a Beirut refugee camp, said yesterday Shia Moslem militiamen had threatened to cut her to pieces for her work in the Palestinian settlement, Reuter reports.

Gandhi's defence

Mr Rajiv Gandhi, India's Prime Minister, and some of his senior ministers and aides yesterday began mobilising support of his ruling Congress-I parliamentary party in preparation for a major attack on him by opposition parties in both houses of parliament today, *K. K. Sharma reports from New Delhi.* In the morning Mr Gandhi will tell the MPs why Mr Viswanath Pratap Singh resigned as Minister of Defence after he had ordered an inquiry into the payment of a $24m commission to an Indian agent involved in the purchase of four submarines from a West German company.

Iranian factories

A senior Iranian official said yesterday Iran was willing to return factories nationalised after the 1979 revolution to their former owners if they were not accused of serious crimes, Reuter reports.

Andrew Whitley looks at the differences in Israel's coalition over Middle East policy

Where Likud, Labour stand on peace process

ISRAEL's two major political groupings – the Labour alignment and the Likud bloc, coalition partners in a government of national unity since September 1984 – are deeply divided over how best to advance the cause of peace in the Middle East. The contradictions within the Government confuse friends and enemies alike.

What follows is intended to help to define the positions of the two sides.

Procedural issues in the peace process

● *An international conference involving all regional parties and the five permanent members of the UN Security Council.*

Labour favours an "international forum" as a non-binding introduction to direct negotiations between the regional parties.

Likud is adamantly opposed to a full-scale international conference, described by Mr Shamir as "bad and dangerous" for Israel. Instead, Mr Shamir has suggested a mini-conference of Israel, Egypt, Jordan, the US and, possibly, Morocco.

● *Establishment of a preparatory committee as a first step towards the holding of a conference.*

Agreed by Mr Peres during his September 1986 Alexandria summit with President Hosni Mubarak.

Likud highly unenthusiastic, raising objections over who would participate.

● *Palestinian participation in peace talks.*

Both Labour and Likud reject any role for members of the Palestine Liberation Organisation, although the small Yahad party of Ezer Weizman, allied to Labour, supports dealing with the PLO

The two major parties agree that Palestinian representation should be as part of a joint Jordanian-Palestinian delegation, but disagree over who should nominate "authentic representatives" of the Palestinian people.

● *Soviet participation in a preparatory committee or the full conference.*

Labour makes this conditional on a renewal of diplomatic relations with Israel by the Soviet Union and relaxation of restrictions on Soviet Jewish emigration. Mr Peres hints that the latter is more important than full relations.

Likud insists on both full diplomatic relations and major changes in Moscow's attitudes towards Soviet jews.

Issues of substance

While these remain remote given the inherent difficulties in getting all the parties to the starting line of negotiations, the outstanding question behind all the preparatory talk is that of:

● *Territorial compromise*

Labour's latest manifesto reaffirms the party's commitment to far-reaching territorial compromise on the West Bank, consistent with Israel's security needs.

Likud is not prepared to concede one inch of the West Bank.

● *A Palestinian "homeland"*

Labour supports a confederation between a Palestinian homeland on parts of the West Bank and Gaza strip regions with Jordan.

Likud says the Palestinians, or "Arabs of the land of Israel," as Mr Shamir refers to them, already have a homeland – Jordan – and there is no need to create another.

Both parties reject the creation of a new Palestinian state between Israel and Jordan

Tunisia to invest $12.5bn in five-year economic plan

BY FRANCIS GHILES

TUNISIA intends to invest $12.5bn during its next five-year economic plan to be launched early next summer. The aim is to create about 250,000 new jobs and to achieve a 4 per cent annual rate of growth. Tunisian officials said in London yesterday.

Speaking after a meeting of international banks to whom they had explained Tunisia's economic policy, Mr Ismail Khelil, the Finance Minister, and Mr Mohammed Shkiri, governor of the Central Bank, said that these goals were predicted on the successful implementation of the economic readjustment plan agreed last autumn with the IMF and the World Bank.

Tunisia has already secured more than $300m of aid and concessional finance to help plug the expected $450m gap needed to service the country's foreign debt and cover its balance of payments deficit this year. The two officials forsaw no difficulty in raising the remaining $150m in the form of commercial credits and buyer/supplier loans.

A new, more liberal, investment code aimed at increasing the flow of foreign investment will be announced in a few months time. This new code fits in with the liberalisation of the economy initiated last year which has already witnessed the removal of tariffs on 40 per cent of imports (a further 20 per cent will be added this year) and a 30 per cent devaluation of the Dirham over the past 18 months.

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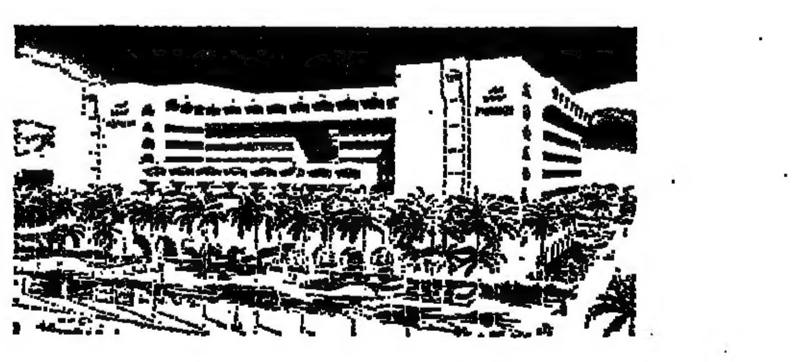

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Township slum is to become a showpiece. Anthony Robinson reports

Pretoria's money pours into Alex

NOWHERE in South Africa is the contrast between white affluence and black poverty more stark than in Alexandra, a stinking pot-holed slum surrounded by northern Johannesburg's "mink and manure" belt of prosperous middle class white suburbs.

But now, as whites prepare for yet another election dominated by the question of how to accommodate black political and social aspirations without losing white identity and ultimate control, Alexandra has become the symbol of government plans to win black hearts and minds.

For decades the estimated 125,000 inhabitants of Alexandra lived under the same threat as Sophiatown and other inner-city "black spots" which were torn down by bulldozers and their people forcibly removed to Soweto and other townships further afield.

Their freehold property rights were removed in the 1950s, no development of any kind was allowed and the once sturdy bungalow-style houses rotted while sewage flowed down the rutted streets in a township which remained without tar roads, electricity, piped water, or telephones.

Even today goats and cows wander with the bare-foot children and scrawny mongrel dogs through piles of rotting garbage and between the squalid shacks of rusting corrugated iron, packing cases and old bus carcases.

Fiercely loyal

Little wonder that "Alex," as it is affectionately known by its fiercely loyal inhabitants has a long record of political militancy and resistance to white authority—as well as a history of criminal gang warfare. Alex exploded with Soweto in 1976 and gain over the last traumatic 30 months of black revolt.

It was here (and in some Eastern Cape townships) that thet call of the exiled African National Congress (ANC) to "make the townships ungovernable" came closest to reality. Activists set up street committees and "comrades courts," burnt policemen's houses and executed "sellouts" and collaborators by gruesome "necklace" murders. Under such pressures the black town council headed by the once popular Rev Sam Buti, who successfully petitioned Pretoria to save Alex from demolition in 1979, resigned in April last year.

According to residents, over 80 people were killed in political violence and clashes with the security forces and vigilante groups in the months leading up to the re-imposition of the state of emergency on June 12. It was a period of fear, intimidation, and factional feuding—but also exhilaration for some and belief that the revolution was around the corner.

Youths push wheelbarrows loaded with empty beer bottles to their local store in Alexandra to reclaim their deposits during a lull in township violence last July.

Today, nine months later, that radical alternative black leadership is either dead, detained or underground.

Having succeeded in the destructive first stage of its counter-revolutionary strategy, Pretoria has now moved on to its constructive phase—R90m (£16.7m), two year upgrading plan whose aim is to create a solid, property-owning core of middle-class blacks with a stake in the system.

The previous upgrading plan, which called for demolition of most of the 4,000 old houses foundered on the refusal of people to move out to allow rebuilding to take place. Mistrust was just too strong. Under the new plan the houses will be sold back to their inhabitants, freehold restored and building society finance mobilised for owner-occupier improvements. Upgrading will take place around them with tarred roads, storm drains, water-borne sewerage and electricity provided.

Some 2,000 telephones have already been installed—including 22 public phone booths which thus far have not been vandalised in any way.

Over 200 acres of land donated by the white Johannesburg city council will also be used to build 760 "elite middle-class homes," two new schools, a technical college and a R1m sports and leisure facility with swimming pools, tennis and sports grounds.

The new middle class section of Alex will be separated only by a road from the adjacent white suburb of Lombard—and hardly distinguishable from it.

In short, by the early 1990s, Alexandra will have been transformed from a slum to a showplace—living proof of Pretoria's ability to deliver security and prosperity to blacks.

At least, this is the hope of Mr Steve Burger, the white administrator, and his Pretoria-appointed staff—and General Magnus Malan, the Defence Minister who has taken a direct personal interest in the outcome.

It bears all the signs of the technocratic approach to political problems which President P. W. Botha learned during his own 16 year tenure as Minister of Defence.

The upgrading of Alexander is not in the hands of its inhabitants but the white administrator and the Joint Management Committee (JMC), a co-ordinating body which meets twice weekly in the old council offices just outside the township under the chairmanship of a senior police or army officer.

The Alex JMC, one of several hundred around the country, illustrates the degree to which the white South African power structure has been militarised in recent years in the absence of a political solution to the vital question of black political participation, at a local as well as national level.

Interviews with local teachers, church leaders and random residents within Alex itself indicated that people are relieved at the reduction of violence and guardedly optimistic that this time talk of upgrading will result in improved living conditions.

"But over half Alex's adult population is unemployed and living in shacks which will be demolished. They will not be able to afford the new houses and fear that one way or another they will be evicted."

Mr Irvine Florence, the deputy administrator, says that existing Alex residents will have priority for new housing. The armed sentries at the five check points in the razor-wire ringed township are there not only to control movement and check for arms but also to ward off any further inflow of squatters.

Ultimately, however, Alex is being re-developed from above, according to Pretoria's design. The radicals who oppose such paternalism and who say "It is for the people to decide not the Government to decide for the people" may be emasculated now. But the angry pro-ANC slogans and graffiti still adorn the walls and tough looking young men hang around street corners watching and waiting.

Key test

The key test will come when Alex has been rebuilt and gentrified. Pretoria hopes that it will then elect a black town council capable of running the town — and prepared to fit in with Pretoria's plans for local power and revenue sharing through ethnically based regional service councils (RSCs).

Up to now these controversial plans for regional co-operation between black and white local authorities have been rejected both by blacks and white liberals and the business community as just another expensive exercise in neo-apartheid.

The upgrading of Alex is intended to demonstrate the advantages of co-operating with the white authorities. But, as a local clergyman with close links with the Community explained "at the end of the day people will be happier in Alex. But most will take the view that the Government has only done what it ought to have done years ago. You can't really solve local issues without a national solution to the question of black political rights."

Alfonsin calls for coalition to bring in reforms

BY TIM COONE IN BUENOS AIRES

PRESIDENT Raul Alfonsin of Argentina, who faces crucial mid-term elections in September, has proposed a coalition government as the first step to introducing constitutional reforms.

The proposal was made public on Monday evening during a speech in which he said "we must share power" because "we need to govern with a more substantial majority."

The ruling Radical Party has only a slim majority in the lower house legislature, and has to forge temporary coalitions with smaller parties of the opposition to obtain a majority in the upper house Senate. Half the seats in the lower legislature come up for renewal in the mid-term elections.

Alfonsin—looking forward to elections

The constitutional reform being proposed by the president would create the post of prime minister heading a cabinet of ministers, leaving the position of president for more ceremonial functions.

President Alfonsin said he wanted the constitutional reform debated this year. If approved by a two thirds majority in the two legislative chambers there exists a strong possibility that the presidential elections for 1989 would be brought forward one year, with new legislature elections held at the same time.

Such a constitutional change would enable President Alfonsin to continue as the principal government executive, beyond 1989 by filling the new post of prime minister, if the ruling radical party were to win the September elections and the subsequent elections in 1988 or 1989. Under the Argentine constitution, the president is not permitted to serve for more than one term of office.

The radicals are presently negotiating with an important sector of the opposition Peronist Party and trade union movement, to piece together a "social pact" which would guarantee peace on the labour front this year and create favourable expectations for the Radical Party in the September elections.

As part of the negotiations, seats in the legislature are being offered to the opposition Peronists in the Radicals' electoral lists, and additional government posts might now also be offered to the opposition to bring about the coalition necessary to push through the constitutional reform.

Last month, a trade union leader was sworn in as the new labour minister in the cabinet, raising questions over the future direction of the government's economic policy.

Grenada government on verge of collapse

By Canute James in Kingston

THE coalition government in Grenada, formed from three parties hurriedly put together by the US and neighbouring Caribbean governments, is heading for collapse following the resignation of leaders of two of the factions.

A year of feuding in the government, during which Mr Francis Alexis, the Attorney General, and Mr George Brizan, the Agriculture Minister, repeatedly attacked the style of government and the policies of Mr Herbert Blaize, the Prime Minister, ended yesterday when both ministers resigned during a cabinet meeting.

Mr Alexis and Mr Brizan had earlier publicly attacked Mr Blaize's intention to sack 1,800 government workers as part of an attempt to balance the budget.

The likely fall of the New National Party (NNP) administration could lead to political uncertainty in the eastern Caribbean island of 100,000 people. Mr Blaize took office 24 months ago after the coalition of three conservative parties, the NNP, scored a handsome win in general elections.

Alexander Nicoll reports on moves to speed up debt negotiations

Bankers seek route to cut loan delays

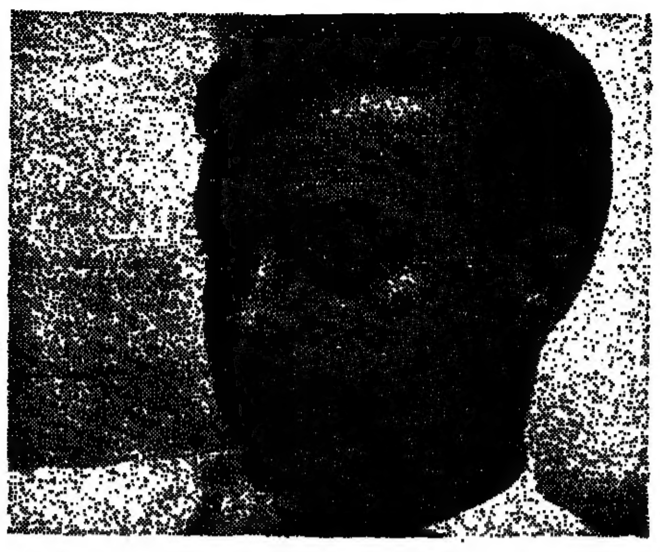
INTERNATIONAL bankers, with the strong encouragement of Western governments, are seeking ways to reduce the frustrating delays which dog their loans to troubled debtor countries in the developing world.

The problem is exemplified by Argentina, which began negotiating with the International Monetary Fund and World Bank last September and reached agreements in January. Thus armed, it approached banks in February for a \$2.1bn loan and \$30bn rescheduling. The accord which Argentina announced yesterday must be put to all the countrys 360 lender banks: The whole process, from start to receipt of money, is almost certain to take at least a year.

Argentina says the delays sap confidence in its economy and encourage capital flight. Mexico, which has waited nine months for a \$7.7bn bank loan since it reached agreement with the IMF, has called for greater simplicity and flexibility.

Last week, finance ministers on the IMF's policy-making interim committee urged banks to develop new financing techniques to speed the flow of funds to debtor countries. "Private lenders have often been reluctant to provide funds, even where appropriate policies are in place," they said.

The banks at the heart of the crisis have been working on a menu of financing options designed on the one hand to attract banks by providing a broader range of instruments and on the other to tailor packages to the needs of individual countries.



Reed: acknowledges obvious flaws in the process.

The menu includes debt/equity swaps, on-lending (transferring existing loans, for a fee, to different borrowers within the debtor country), increased trade credits and so forth. These mechanisms make for greater flexibility and a more positive, longer-term approach to the debt crisis. But they do not really address the delays.

What takes time is the length of the negotiations between debtor and advisory committee; overcoming the fundamental reluctance of creditor banks to lend more money; and disagreements among banks over exactly how much each should put up.

A tenet of the debt crisis has been that banks which had loans outstanding when the debt crisis broke in 1982 should take part in rescue packages in proportion to their exposure at that time, thus helping to protect their loans. New loans that are part of rescue packages essentially go to pay interest, so those that do not take part are getting a "free ride" which embitters thosethat do.

The mexican loan was the last starw. After protracted disputes which even saw normally sober British banks temporarily refusing to sign becuase in doing so they would be bailing out non-participating US regional banks, many bankers say there must be no more packages along the now well-tried lines of the Mexican deal.

Mr John Reed, chairman of Citicorp, the US bank which heads the advisory committee for Brazil, Mexico, Argentina, Uruguay and Peru, acknowledges that there are obvious flaws in the process. But he says: "No-one that I know of has come up with a better alternative."

Some bankers insist that banks with small exposures should continue to be pressed into deals, partly to avoid an ever larger burden being placed on the bigger creditors. They say the best way of keeping banks in is simply to make the terms attractive. The Mexican deal, they argue, was unattractive because the advisory committee was forced by official pressure to accept a low interest margin of 13/16 percentage points above money market rates.

However, bankers are discussing a new approach designed to make the process fairer and less cumbersome.

Elements of it could be:

- Bringing up to date the base amount of exposure on which requests for new money are calculated. Many banks have sold their loans at a discount in the secondary market. Some of that debt has been officially cancelled in exchange for equity. There was uncertainty about whether the debt/equity arrangements in the Mexican package would enable banks whose debt was cancelled to escape future requests for new loans.
- Stipulating that banks not participating in new loans would not receive interest out of the proceeds of the loans. Instead, their interest payments would be capitalised.
- Offering banks "exit" bonds, as has been proposed by Argentina. These would be offered to smaller creditors at a discount to replace their existing exposure. Bankers say, however, that it is difficult to fashion these in a manner attractive to both borrower and lender.

Foreign purchases of US land soar

BY NANCY DUNNE IN WASHINGTON

FOREIGN investors gobbled up millions of acres of cheap American farm land last year, in a dramatic increase of land purchases over previous years, according to the US Department of Agriculture.

By the end of 1986 foreign interests held 12m acres of US agriculture land, up from 369,000 acres at the end of 1985.

At a time when about 40,000 American farmers are being forced from their lands each year and land values have plummeted, the purchases have raised fear and resentment in some rural areas.

Letters are not yet flooding government departments as they did in the 1970s, when some Americans worried that Arabs would buy up the US economy with their petrodollars. However, the growing visibility of Japanese companies—from Wall Street to midwest factories—has evoked new worries of US vulnerability to foreign takeovers.

State governments have been prodded to limit landowning by corporations, and Congress is now considering new proposals, which would require foreigners to report their US investments to the Departments of Commerce within 30 days.

Forest land accounts for 52 per cent of all foreign-owned acreage, much of it in Maine. Foreign corporations own 10 per cent of Maine's privately owned lands.

Elsewhere foreign holdings are concentrated in the south and west. Foreigners—mostly corporations—owned more than 1m acres in Texas, more than 900,000 acres in California, almost 900,000 acres in Oregon and 609,000 acres in Florida.

Canadians are the largest US landowners with more than 1.5m acres. West Germans have bought 744,000 acres and UK investors, more than 380,000 acres. Japanese own 113,000 acres.

Corporations own 79 per cent of the foreign-held acreage. Some 92 per cent of the owners—corporations and individuals—plan to keep the land in agricultural production.

"The Japanese like to invest in forests and fishing waters so they can be assured sources of raw material," according to Mr Greg Fouche, an accountant with the Commerce Department.

The value of foreign direct investment in the US—in which foreigners hold at least 10 per cent of the vote of an enterprise—has mushroomed from \$83bn in 1980 to an estimated \$209bn last year, he said.

Oil price fall hits Venezuela

VENEZUELA could run a \$1.65bn (£1bn) balance of payments deficit this year with oil prices near government projected levels, according to an economic study, AP-DJ reports from Caracas.

The study, conducted by a group of economists at the Andres Bello Catholic university, predicted that under a "pessimistic" scenario the deficit could widen to \$3bn by 1988 if oil prices remain at around \$16 per barrel.

Chilean radio stations seized

GUNMEN briefly seized control of nine Chilean radio stations to spread anti-government propaganda, and one man was killed when he resisted, police reported yesterday, AP-DJ reports from Santiago.

The gunmen also took over the Associated Press bureau in Santiago and delivered a statement saying they were ending a truce declared for the visit of Pope John Paul II.

Canada presses for fresh South Africa initiative

BY BERNARD SIMON IN OTTAWA

CANADA wants the world's leading western industrialised nations to make a fresh attempt at pressing for race reform in South Africa.

An official at the Department of External Affairs in Ottawa said yesterday that Mr Brian Mulroney, the Canadian Prime Minister, intends to propose a new "eminent persons group," such as the Commonwealth group which last year failed to shift South African Government attitudes.

Mr Mulroney intends to raise the matter in Venice next June at the meeting of the G-7 economic summit. G-7 comprises the US, Britain, France, West Germany, Japan, Italy and Canada.

Preliminary approaches have been made to other governments to include the proposal on the Venice agenda. According to the official, "nobody has objected to the idea."

Mr Charles Freeman, US deputy assistant secretary of state for African affairs, visited Ottawa yesterday to discuss the initiative with Canadian officials.

The new group would be a successor to the seven-person Commonwealth Eminent Persons group set up in late 1985 to bring the South African Government and its black opponents to the negotiating table. Its mandate included efforts to secure the release of Mr Nelson Mandela, the imprisoned black nationalist leader, and an end to South Africa's internal state of emergency.

The Commonwealth group appeared to be making some progress before Pretoria abruptly rejected its overtures by launching military raids into Zambia, Zimbabwe and Botswana last May while members of the group were in South Africa.

Yamaichi Securities celebrates its 90th anniversary today.

1897

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WORLD TRADE NEWS

Taipei rail consultancy order goes to US

By Robert King in Taipei

A US engineering consortium has won a multi-million-dollar consultancy contract for the Taipei mass transit system.

As a result US equipment suppliers will be in a far better position *vis-à-vis* their European counterparts to win lucrative procurement contracts.

The consortium was led by Parson-Brinkerhof and Bechtel Engineering of the US.

Although the formal signing of the agreement with American Transit Consultants (ATC), will not occur for at least another 10 days, it is understood that work has already begun on planning phase one of the project due to be completed around 1991.

The agreement with ATC comes amid controversy surrounding the termination of an earlier contract with British Mass Transit Consultants, a British consortium including Freeman, Fox and Partners and London Transport Industries.

Mr Robert Channing-Pearce, of Freeman, Fox said in March this year the termination was the result of intense lobbying by Washington which sees the Taiwan deal as a means of reducing Taiwan's large trade surplus with the US.

Mr Channing-Pearce also said that European companies would find it hard to win equipment contracts, due to be awarded this year, as a result of the contract going to the US.

ATC was chosen over two European and Euro-groups, Sino-European Transit Consultants and AE Leu Cathar/LSTS. The contract is to run for two years after which is may be extended.

Airship group in advertising deal

By Michael Donne, Aerospace Correspondent

AIRSHIP Industries, the UK-based but Australian-controlled group, has signed a £5m deal with a major Japanese advertising agency for a year's lease of an airship for aerial advertising.

Under the contract an A1 Skyship 600, equipped with recently-developed "night-sign" advertising equipment, will be assembled and operated in Japan.

The identity of the client remains a secret, Airship Industries said yesterday.

The contract starts from October 1, and the company claimed it would be a "significant contributor" to Airship Industries' profitability.

Airship Industries is teamed with Westinghouse of the US in a competition with Goodyear Aerospace for a US Navy order *for surveillance against* aircraft and missile attack. A decision is expected this spring or early summer.

Tokyo mulls retaliatory move on US imports

BY CARLA RAPOPORT IN TOKYO

JAPAN is mulling retaliatory tariffs on US imports if the US goes ahead with plans to impose $300m ($214m) in punitive tariffs on Japanese electronic and industrial exports.

A senior government official in Tokyo yesterday said that such a move—which would dramatically escalate trade tensions between the two countries—is now a possibility, although a remote one.

Mr Masaji Yamamoto, a deputy director-general of Japan's Ministry for International Trade and Industry (Miti), said yesterday the US decision to impose tariffs on Japanese exports was "ill-conceived" and taken without any serious consideration of the Japanese point of view.

The US sanctions against Japan, expected to take effect this Friday, were launched in response to the alleged Japanese violation of the bilateral semiconductor agreement signed last autumn.

The US contends that Japanese companies are still dumping chips in overseas markets and that US chip-makers' access to the Japanese market has not improved.

"We feel we should not do things irrespective of the General Agreement on Tariffs and Trade and what other countries think, but we are giving consideration to the possibility (of imposing tariffs on US imports)," said Mr Yamamoto. Agricultural products would probably not be included in such a list, he added.

More immediately, however, Japan is preparing to take its case against the US to GATT, possibly as soon as this week.

Miti says it has irrefutable evidence proving it is not dumping and is improving market access.

"It is clear that the US is committing a serious mistake. They had too short a time to reconsider their actions, which is regrettable," said Mr Yamamoto.

The Miti official stated that should the tariffs be imposed, it would almost certainly mean the cessation of Japanese exports of those products covered.

"We should make the utmost efforts not to turn this into a trade war," said Mr Yamamoto.

The US Trade Representative's Office said it had no immediate comment on a statement in Tokyo that Japan will appeal to Gatt if President Reagan goes ahead with trade sanctions against Japanese exports, Reuter reports.

A trade official said any US reaction would not come until a Japanese appeal was actually filed. President Reagan is expected to impose the tariffs on Friday.

Meanwhile, Japanese electronics industry officials said that US subsidiaries of Japanese companies were considering taking the issue to the US Federal courts.

"They won't fully explain the basis of their action, so there is no alternative but to take the case to the courts to discover the basis of their arguments," said a senior executive at a Japanese electronics company yesterday.

Another option open to the Japanese is to terminate the semiconductor agreement. This is also being considered by Miti, but Mr Yamamoto said his ministry would be extremely reluctant to recommend such a move.

Robert King reports on a business boom that looks set to last through to next year

Taiwan rides Japanese tide of investment

JAPANESE BUSINESS involvement in Taiwan has played a huge role in this nation's strong economic growth. Japanese trading companies handle as much as one-fourth of Taiwan's exports, and joint ventures and technical co-operations, along with Japanese components and sub-assemblies, have meant more high-value exports.

While this involvement has a history of more than 20 years, Japanese investment boomed in Taiwan last year and is set to continue at least through the first half of 1988.

During 1986 the Taiwan Government approved $253.6m worth of Japanese investment applications, up 75 per cent on the previous year and the largest single contribution to the $770.4m total. Potential investors visited the island in droves as the yen appreciated against the dollar and the Taiwan Government began to initiate a series of long-promised liberalisations.

"Something happened here," said Mr Nobuo Kobayashi, economic officer at the Japanese Interchange Association which represents Japanese interests in Taiwan in the absence of normal diplomatic relations.

Mr Kobaysahi was referring to reforms which Taiwan has begun across nearly every sector from politics to economics to education. These reforms alone could have sparked the renewed interest in Taiwan even without the currency factor.

The Japanese involvement in Taiwan dates back to 1895, when the island became a Japanese colony after the Sino-Japanese war. Taiwan reverted to the Chinese nationalists after World War Two, but the Japanese returned in business suits in the 1960s.

Their presence grew until at one point the number of Japanese residents outnumbered even the Americans, whose political relationship with the nationalist government predates the war.

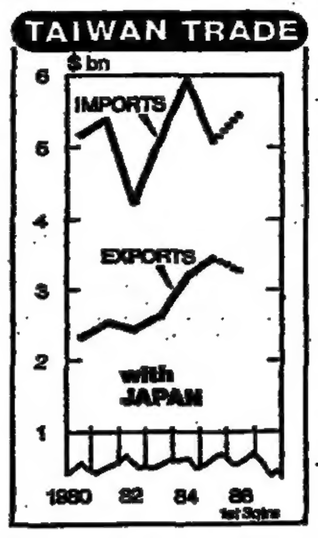
Japan has lagged behind the US in investment. From 1952 to 1986, American investment amounted to $1.85bn, compared with $1.38bn for Japan. But last year scales tipped the other way when the Japanese invested $253.6bn, compared with the Americans' $138.4bn.

In the number of co-operative projects with Japanese companies, Taiwan is roughly on a par with Singapore. In investment volume, though, Taiwan lags behind Indonesia, South Korea and Singapore.

The Japanese have invested mostly in small—and medium-sized operations. The 35-year total for the US, for instance, was concentrated in 561 projects, while Japan's smaller figure was spread among 988 investments.

Many of the larger investors that Taiwan had hoped to attract last year stayed in Japan, mostly because cost estimates failed to produce sufficient advantages over manufacturing at home.

The Japanese have invested heavily in machinery, instruments, electronics and electrical appliances, basic metals and metal products, and the service sector over the 35-year period.



The investment boom of 1986 was the third such in the past 20 years, the first two occurring in 1968 and the years 1973-74. Both of the previous high-points began just as Taiwan's economy and society were undergoing major structural changes and all the signs point to such changes today.

Mr Kobayashi cited Taiwan's economic performance last year, when gross national product in real terms grew by almost 11 per cent; its strong foreign - exchange reserves which now stand at more than $51bn; its almost-negligible external debt compared with annual GNP; and the improvement of its business and investment climate as factors that have mobilised recent Japanese investment.

The 36 per cent appreciation of the yen against the dollar over a one-year period, compared with the much milder rise of the Taiwan currency, gave another large boost to investment. As many as seven groups of would-be investors poured through Mr Kobayashi's office each day from February to October last year.

"Last year's economic performance here was very important in attracting Japanese investment," he said. "The trends are already established and if Taiwan maintains its policies, the related investments will follow."

Taiwan Original Electrics Manufacturing Company, a small maker of electrical relays, previously produced about the same volume as its sister plant in Japan. Now it plans to move its entire production to Taiwan by May and may buy half of its components here, up from the 3 per cent at present.

Vice general manager *Daishiro Takamatsu* predicted that more small- and medium-sized Japanese companies will move their production over to take advantage of Taiwan's lower costs

But it is not clear how long the boom will last. "When the New Taiwan dollar was at 37 or 38 to one US dollar, the investment came in from the low- and mid-level firms," Mr David Ding of the Taiwan Investment Commission said. "But with the appreciation of the NT, the boom went bust.

"The exchange rate of the NT against the US dollar is still a major factor in bringing in these investments," he concluded. "Questions concerning where the NT's rise will stop and where the yen will go all affect these investments."

SHIPMENTS TO EUROPE

Japan 'has gone too far by ignoring cars warning'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE Japanese have gone too far in the past few months by ignoring warnings about car shipments to Europe, according to *Mr Jacques Calvet*, president of the Peugeot group of France.

Mr Calvet suggested the Japanese had made a careful decision to divert products to Europe after the sharp increase in the value of the yen against *the US dollar*.

He was commenting on the steep increase in the Japanese share of the European car market last year and the 27 per cent rise in export shipments in the first two months of this year.

Mr Calvet said there must be serious discussions between the Europeans and Japanese about the issue.

But, "as the Japanese are wonderful diplomats," they will attempt to avoid further criticism by increasing their investment in Europe, he predicted.

Mr Calvet gave a warning that it would be unacceptable, for the Japanese to install simple car assembly plants in Europe.

"*We certainly cannot accept* as European cars designed in Japan with engines and gearboxes imported from Japan." The Japanese should follow the example of Ford and General Motors of the US and build genuinely European cars.

He admitted that it might be difficult to persuade the Japanese because the European rules about local content for vehicles were not sufficiently clear or specific about what should be included. But "60 per cent *European content is not enough*" for Japanese cars to qualify as "European."

The automotive industry was so important that European governments must insist the Japanese behave more fairly in automotive trading.

There would certainly be no changes in the current restrictions on Japanese car sales in France, Italy and the UK until "the Japanese show a little moderation."

Mr Calvet also called on Europe to take action against the South Korean car producers.

Referring to the surge in Korean exports to the US and Europe last year from a country which, like Japan, accepts very few imports, he said: "It is unbelievable that the *Koreans still* have favourable treatment in the EEC" by way of a reduced tariff.

Britain still hopes Vickers will win Saudi submarine contract

BY RICHARD JOHNS

BRITAIN is still optimistic that Vickers Shipbuilding and Engineering will win a Saudi Arabian submarine contract despite strong pressure from the French.

The French Government is expected to use all its persuasive powers to clinch the deal, for which bids have been invited from six European countries, *during King Fahd's visit to* Paris which starts today.

The UK Government feels that Vickers Shipbuilding and Engineering (VSEL) with its Type 2400 is strongly placed to win the order for eight boats, the construction of two bases on the Gulf and Red Sea and the provision of training.

VSEL's bid—believed to be worth around £2bn—is receiving maximum support from the Government and Royal Navy.

UK confidence is based on *King Fahd's insistence* that the decision would be made on the basis of wholly objective defence criteria.

The monarch, who is taking a personal interest in the award, is understood to have told Mr George Younger, the Secretary of State for Defence, that this would be the basis for the decision, when they met in London on April 6.

It is understood that the UK Government is prepared to dedicate one of the Type 2400 being built for Britain's Royal Navy, exclusively to Saudi training for four years, such is its anxiety to win what would be the biggest warship export order ever won and to ensure continued employment at VSEL's Cammel Laird facility on Merseyside.

The bids were invited from six different West European countries last year. VSEL and the French consortium led by Thomson CSF and the state-*owned Direction des Construction Navales* with its Agosta 2000 appear to have emerged as front runners. The Rotterdam Dockyard of the Netherlands with its Moray submarines is still, however, in the contest.

The chances of the West German group including Howaldtswerke Deutsche Werft and Thyssen Norseewerke looked to have been damaged fatally by the renewed debate over arms sales to Arab countries.

It flared again with the visit to Bonn last week of President Chaim Herzog of Israel who publicly attacked the consortium's bid to sell submarines to Saudi Arabia.

Kockums of Sweden with its A17 and Fincantieri of Italy with its S-102 are believed to be out of the running.

Last week, Prince Sultan, Saudi Arabian Minister of Defence, said a decision could be made before Ramadan, the month-long Moslem fast which begins about April 27.

The VSEL looks to be in a positon to offer the best deal, according to defence analysts. They point to several factors favouring the bid.

The Type-2400 submarine: Britain's challenge in the Saudi stakes.

The Type 2400 is new technology with an efficient and quiet hull derived from the Royal Navy's nuclear submarines. It is destined for 30 years' service with the RN which should ensure ready spare parts and a common development programme for the Saudis.

Its stealth is reckoned to be ideal for the region and it is as capable as the similarly-sized French boat of operating in the shallow waters of the Gulf.

The US-supplied Harpoon missile with the Type-2400 has twice the range and a bigger warhead than the Exocet on offer with the French Agosta 2000. It is also claimed that the Tigerfish torpedo and Stonefish mine are superior to their French equivalents.

The Royal Navy's submarine manpower is more than twice that of the French Navy and, therefore the UK should be in a far better position to provide training and support.

The main French advantage might appear to lie in the fact that they won a $3.5bn contract in 1980 to equip and train the *Saudi Navy*.

But the support programme for the French Frigate 2000 programme supplied under the deal has not been satisfactory, according to diplomatic reports from the kingdom.

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AirCal Inc.

U.S. $30,000,000

5¾% Convertible Subordinated Debentures Due 2001

Notice is hereby given pursuant to the Indenture dated as of May 8, 1986 between AirCal Inc. and Manufacturers Hanover Trust Company of California, Trustee, as amended, that on or after April 27, 1987, a subsidiary of American Airlines, Inc. will be merged with and into ACI Holdings, Inc., the holding company for AirCal Inc. After such merger the above Debentures will no longer be convertible into shares of Common Stock of ACI Holdings, Inc., but will only be convertible into cash at the rate of $6,282.97 for each $5,000 in principal amount of Debentures.

Listed on the Luxembourg Stock Exchange

AirCal Inc.

U.S. $30,000,000

5¾% Convertible Subordinated Debentures Due 2001

Notice is hereby given that pursuant to the provisions of the Indenture dated as of May 8, 1986 between AirCal Inc. and Manufacturers Hanover Trust Company of California, Trustee, as amended, a Second Supplemental Indenture will be executed on or after April 27, 1987 concurrently with the merger of a wholly-owned subsidiary of American Airlines, Inc. into ACI Holdings, Inc. ("ACI") providing that due to such merger the above Debentures will no longer be convertible into shares of common stock of ACI, but will be convertible only into cash at the rate of $6,282.97 for each $5,000 in principal amount of Debentures. Copies of the Second Supplemental Indenture may be obtained from the office of the Trustee, 50 California Street, 10th Floor, San Francisco, CA 94111 USA.

Listed on the Luxembourg Stock Exchange

NOTICE OF REDEMPTION

To the Holders of

ATLANTIC RICHFIELD OVERSEAS FINANCE N.V.

13¾% Notes due May 15, 1990

Unconditionally Guaranteed as to Payment of Principal, Premium, if any, and Interest by Atlantic Richfield Company

NOTICE IS HEREBY GIVEN to the holders of the outstanding 13¾% Notes due May 15, 1990 (the "Notes") of Atlantic Richfield Overseas Finance N.V. (the "Company") that, pursuant to the provisions of Section 6 of the Fiscal and Paying Agency Agreement dated as of May 15, 1982 among the Company, Atlantic Richfield Company (the "Guarantor"), and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 7 of the Terms and Conditions of Notes, the Company has elected to redeem on May 15, 1987 all of the outstanding Notes at a redemption price of 101.5% of the principal amount thereof plus accrued interest to the redemption date.

Payments will be made on and after May 15, 1987 upon presentation and surrender of Notes with coupons due May 15, 1988 and subsequent attached in U.S. dollars subject to applicable laws and regulations, either (a) at the corporate trust office of the Fiscal Agent in New York City, or (b) at the main offices of the Fiscal Agent in London, Brussels, Paris and Frankfurt am Main, the offices of Morgan Bank Nederland N.V. in Amsterdam, Swiss Bank Corporation in Basle, Switzerland and Banque Internationale à Luxembourg in Luxembourg. Payments at any agency outside the United States will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee, with a bank in the City of New York.

Coupons due May 15, 1987 should be detached and collected in the usual manner.

From and after May 15, 1987 the Notes will no longer be outstanding and interest thereon shall cease to accrue.

Any payment made within the United States or transferred to an account maintained by a non-U.S. payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8 certifying under penalties of perjury that the payee is not a United States person. Payments made within the United States to non-exempt U.S. payees are reportable to the IRS and those U.S. payees are required to provide to the paying agent an executed IRS Form W-9 certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate) to avoid 20% withholding of the payment. Failure to provide a correct taxpayer identification number may also subject a U.S. payee to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

ATLANTIC RICHFIELD OVERSEAS FINANCE N.V.
By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Fiscal and Paying Agent

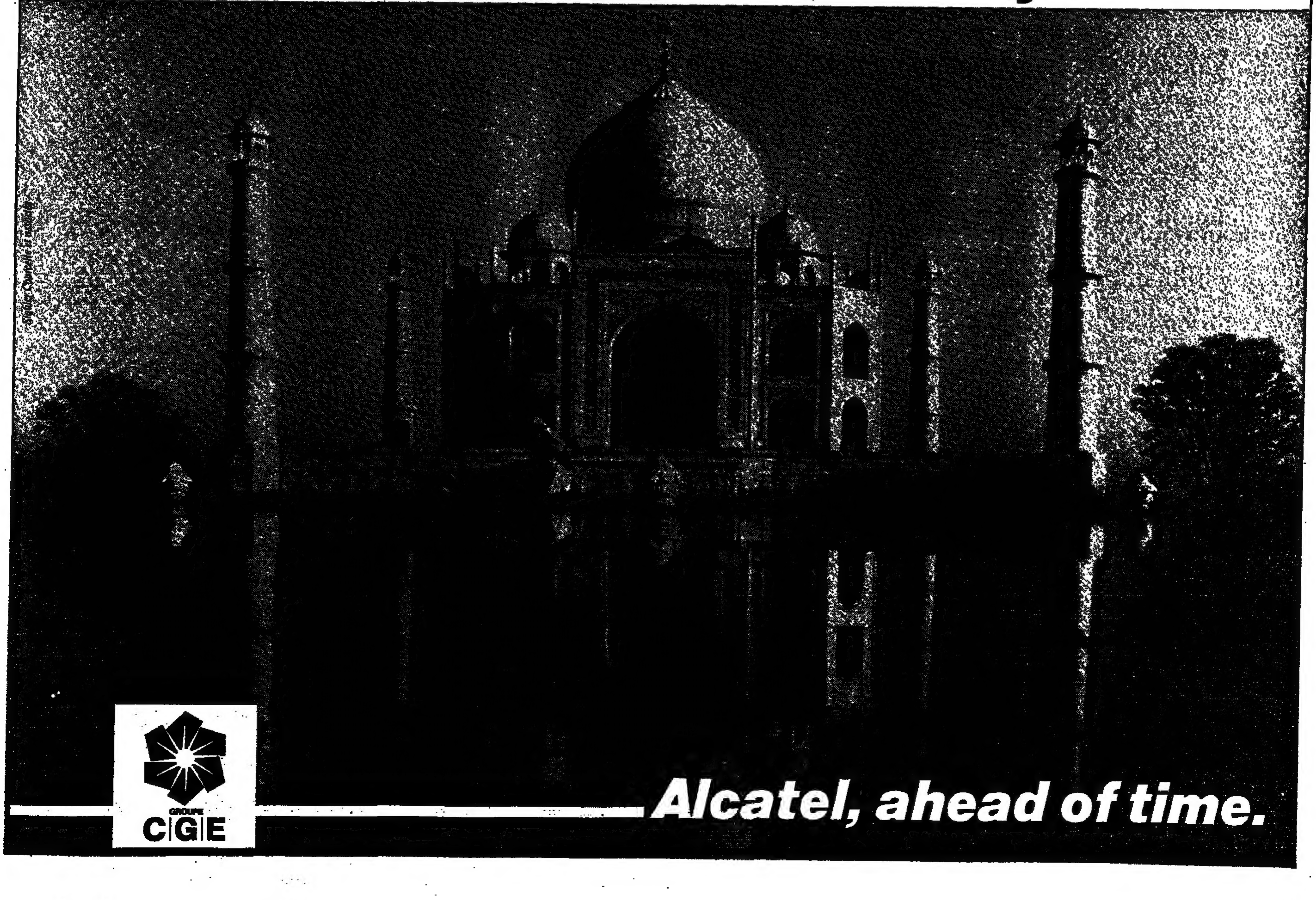
Dated: April 15, 1987

Alcatel

Alcatel CIT

India. April 1987: the 150,000th line of Alcatel E10 system is produced by the Indian Telephone Industries Ltd (ITI) factory in Mankapur.

57 countries around the world have preferred the Alcatel E10 digital Switching system and 15,000,000 subscribers are connected to this system.



Valve makers switch on to a flow of fresh ideas

Peter Marsh explains how manufacturing efficiency has been improved through the use of computerised production techniques

TO ANYONE other than a connoisseur of fluid engineering, the 746 valve does not look hugely different from any other device for controlling the flow of a gas or liquid.

But for Bailey Birkett, a subsidiary of IMI, the diversified UK engineering company, the valve is special. It represents a series of solid achievements resulting from a £3.75m programme in computerised design and manufacturing.

The company, with 320 employees and annual sales of £10m, is one of Britain's leading valve manufacturers. The market, worth some £400m a year in the UK, is highly compartmentalised, with different companies excelling in separate niches of the business.

The devices come in a bewildering range of types and sizes, and are used in applications ranging from central heating systems to nuclear power stations.

Five years ago, Bailey Birkett decided to update its production facilities. According to Mr Graham Rabagliati, Bailey Birkett's production director, the company had become aware that it "had to do something" to turn out goods at lower costs and also to reduce lead times between design and manufacture.

The answer, managers reasoned, lay in computerised production techniques, together with other measures to reduce costs. The most visible of these was a reduction in the workforce, by about 80 people, during a time when output stayed roughly constant.

The 746, which generally is made in cast iron and sells for £100 to £300, depending on size, is the first significant result of the modernisation programme.

From the first drawings to initial production took about a year, roughly half the comparable time for previous new products, according to Mr Ken Jones, applications and marketing manager.

Bailey Birkett says that more precise design techniques, due to the use of computers, means that reliability should be improved, as there is a lower likelihood of moving parts rubbing on each other.

According to the company, the design of the valve, which will be sold mainly to manufacturers of industrial boilers and the process industries, is such that it can handle especially large flows.

At the same time, the cost of making the devices, compared with a previous model for similar purposes, has dropped by some 20 per cent. The new production systems "have made us more competitive in the market place," says Mr Jones.

Bailey Birkett, which says it is too early to see any effect of the computer techniques on sales figures, is not alone in the UK valve industry in bringing in new ideas to make what are highly traditional products.

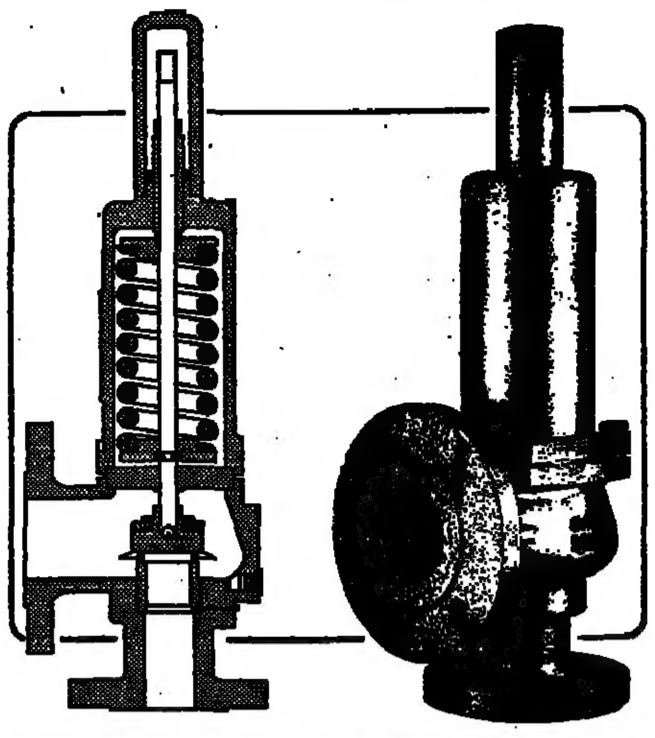
While the basic shape of valves, which are normally assembled from a few dozen cast and machined metal parts, has barely changed in recent decades, tougher competition, brought about by increased imports and the general economic downturn, has forced manufacturers to rethink their production.

A leader in this area is Hattersley Newman Hender, owned by F. H. Tomkins, which has spent £5m on a computerised manufacturing system at its plant in Ormskirk (see panel). Other major suppliers of valves in Britain include Hopkinsons, Crane, Rockwell, BTR and Keystone.

At Bailey Birkett, the heart to the new approach is a £250,000 computerised design system, supplied by Applicon, a subsidiary of Schlumberger. Roughly half of the company's design office of 10 people have been trained to use this equipment. These people are at the company's Cleckheaton factory in Yorkshire, while machining of parts takes place both at Cleckheaton and at Bailey Birkett's other plant, on the other side of the Pennines in Manchester.

According to Mr Rabagliati, the designs of all new products, which Bailey Birkett brings out at the rate of about three a year, will be done with computers rather than pencils and paper.

With computer techniques, the draughtsmen can experiment with new ideas more rapidly than using the old methods. He thus arrives at a solution to a design problem in less time.



Bailey Birkett's 746 valve: An example of how traditional industrial items can be produced more efficiently and at lower cost with the use of computer-aided design and manufacturing technology.

Having perfected the design of a new part, the draughtsman can channel the resulting software, which contains the essential information on how to produce the component, to a set of machine tools at either the Manchester or Cleckheaton factories.

The software is transferred in the form of paper tape or in an electronic memory, which is physically connected to the machine tools. Another alternative is to channel the programs to the tools, using a telecommunications link. This involves the use of an electronic interface supplied by Texas Instruments.

In all these cases, says Mr Rabagliati, engineers save valuable time in being able to make, without annoying delays, small changes to the way parts are produced. This is an essential requisite in the valves industry, which is forced to turn out its products in a great many variations to meet customers' needs.

Virtually all machining is done with computerised tools installed largely in the past four years at a cost of some £3.5m. Bailey Birkett has bought its machines from a range of suppliers, including Gildemeister and Beaver. Metal parts are transferred to the tools for shaping from Bailey Birkett's own casting works.

Switching over to computerisation on the shop floor involved a substantial retraining programme. About 70 of Bailey Birkett's 180 shop-floor workers have received training to use the new computerised tools, while the company's production engineering staff, a total of about ten people, have gone on intensive courses to give them the skills to program the machines.

£5m key which unlocked the door to untapped markets

"THE NEW machinery gives us the capacity to compete for contracts that we would not have got before," says Mr Mike Schofield, managing director of Hattersley Newman Hender, as he talks with pride about his company's £5m computerised system which is churning out valves to hundreds of different specifications.

The system, which has just been commissioned, was built with the help of a grant of about £1m from the UK Department of Trade and Industry. It is based on a series of computerised machining centres produced by KTM, a subsidiary of Vickers. Siemens of West Germany provided the supervisory computers, while metal parts are shunted automatically between the centres on eight automated guided vehicles supplied by Wagner of West Germany.

The machinery, planning for which started in 1982, takes care of 90 per cent of the production of Hattersley Newman Hender's valve bodies, a job which previously required a range of individual machines. The company is one of Britain's top valve makers. Previously part of Pegler-Hattersley, it is now owned by F. H. Tomkins, the fast-growing engineering conglomerate.

By changing the software in the supervisory computers, engineers can instruct the system to turn out parts in whatever numbers are required. As a result, the company should be able to react more quickly to customers' demands and also minimise stocks.

It is probably too early to forecast the effect of the new system on sales. But Mr Schofield says, that in the first four days of commissioning the equipment, it was working to 90 per cent of its forecast parameters.

Agfa and Apple in desk-top venture

BELGIUM-BASED photographic and office equipment group Agfa-Gevaert and Californian microcomputer company Apple are conducting a joint attack on the desk-top publishing market in Europe.

The companies will be offering the Mackintosh personal computer (PC) and two recent developments by Agfa, the Macscan high-resolution page scanner and the P400PS non-impact printer.

Suitable software allows the three units to perform as an integrated desk-top system that will produce quickly top quality documents, complete with scanned photographs and diagrams.

Mr David Jones of Apple estimates that for the next year or two, 80 per cent of sales will be to in-house operations producing company reports, manuals and similar documents. But he predicts a growing interest from professional publishers.

The components will be available through Apple dealers in Europe. Using Appletalk networking software, a local area network, with up to 32 users, can be linked to a single scanner and printer.

NEC's personal view of facsimiles

NEC CORPORATION of Japan believes it has made facsimile communications more of a personal desk-top proposition with its latest machine, the Nefax-10. Costing only £1,699, the unit is 330 mm wide x 250 mm deep x 80 mm high (13 x 10 x 3 inches), and can communicate with all other group two and three machines. It suits page traffic levels of two to 20 pages a day and is aimed at small businesses.

Keeping track of fleet vehicles

IN THE UK, civil engineering group Wimpey and security specialist Securicor have formed a new company, Datatrak Technology, to finalise development of a radio-based vehicle location service on which they have been cooperating for 14 months.

The Datatrak system will provide complete cover of England by 1988 and is also expected to have good export potential. It is aimed at fleet operators carrying high-value loads.

Datatrak is based on well established principles of hyperbolic navigation in which precisely synchronised signals are sent out by pairs of radio transmitters. These, in effect, produce a grid of hyperbolic "lines" on the ground which intersect, and can be used to determine position. The coordinates are then sent by VHF radio link from the vehicle to a monitoring centre for display on a map.

Datatrak Technology is based in Swindon. It already has transmitters installed at Romney Marsh, St Neots and Swindon, and expects to be offering a service within London's M25 ring road by midsummer. Other stations, on the Isle of Wight and at Banbury, will complete coverage for the South East of England by the Autumn.

Initially, vehicle systems (the size of a mobile radio) will cost about £1,200, with a service charge of about £50-£60 a month.

WORTH WATCHING

Edited by Geoffrey Charlish

Big demand for optical storage

INFORMATION STORAGE Inc (ISI), the Colorado Springs optical disc maker in the US, reports a sharp upturn in business and has just signed a "multi-million dollar" second-source agreement with Kawasaki Steel in Japan to make the 5.25 inch WORM (write once read many times) disc drives. ISI's Colorado Springs plant is reported to be working a six-day week with a 40 per cent increase in employees.

In Britain, both Plessey and the Central Electricity Board have bought ISI 5.25 inch optical disc drives from the UK agent, CPU Peripherals of Woking, UK. The drives are for evaluation purposes and the end use is not disclosed.

In addition, ISI has signed an agreement with Honeywell in the US for the joint development of a new, higher capacity 5.25 inch WORM optical disc. Planned for availability in mid-1987, the system will be able to store 500m bytes or characters per side, which is about twice as much as ISI's best disc at present. The product is expect to interest those with high capacity document and image storage needs.

IMI

for building products, heat exchange, drinks dispense, fluid power, special-purpose valves, general engineering, refined and wrought metals.

IMI plc, Birmingham, England

To Guernsey with the speed of light

THE WORLD'S longest submarine communications cable using optical fibre without en-route boosters is to be laid between Guernsey and Devon in the UK (85 miles). The contract, worth £5.7m, has been awarded jointly by British Telecom and the Telecommunications Authorities of Guernsey and Jersey, to Standard Telephones and Cables of the UK.

Autodesk quick to back IBM range

QUICK OFF the mark, Autodesk, the Sausalito, California, computer-aided design (CAD) company, is offering a version of its Autocad software for the newly announced IBM System/2 personal computer (PC).

The software will support both standards of screen resolution offered by IBM and will be available on both the 5.25 and the 3.5 inch disks used in the new range of machines.

Autodesk took a lead three years ago to exploit the new capabilities of PCs for CAD. There are now thought to be about 200,000 Autocad users throughout the world.

Contacts:

Agfa-Gevaert: London office: 580 2131. NEC Business Systems: London office, 267 7000. Autodesk: London office, 928 9283. Datatrak Technology: UK, 0793 723014. CPU Peripherals: UK, 04862 28974.

Sweden

ANNUAL REPORT INDEX 1987

EUROC

Over the next few weeks the Swedish Annual Report Index will highlight key details from the latest annual reports of a series of leading Swedish corporations.

Euroc is the parent company of a group whose principal business is to supply materials, equipment, technology and services to the building and construction industry in Sweden and internationally. Euroc also concentrates on developing and commercially utilizing its special know-how in other fields.

Euroc Group earnings in 1985 were the second highest recorded by the Company in the past 10 years, but did not quite reach 1984's level. The decrease in earnings was largely attributable to the severe winter, and a market downturn in the Middle East.

Euroc's earnings are expected to be higher in 1986.

Group sales in 1985 amounted to SEK 5.4 billion. Markets outside Sweden—primarily Europe, the United States and Asia—accounted for more than half of total sales. International operations include exports of goods produced in Sweden, products manufactured by foreign subsidiaries and the sale of technical know-how, including manufacturing licences.

Euroc companies operate through a decentralized organisation and are grouped into five business areas: Construction Equipment (the Dynapac Group), Building Materials (Abetong, Gyproc, Siporex), Cement and Minerals (Cementa and — internationally — Scancem), Trade (primarily the Euroc Trade Companies Gunnar B Janson, Kocks, Malmo Tra, Paulssons Jarn) and Ceramics and Electro-technics (Ifo Electric, Elram).

EUROC

To find out more about the corporations featured here send now for your personal copy of their 1986 Annual Report.

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IMI Capital Markets (UK) Ltd — Morgan Stanley International

Nomura International Limited — Shearson Lehman Brothers International

Swiss Bank Corporation International Limited — Union Bank of Switzerland (Securities) Limited

S. G. Warburg Soditic S.A.

March 1987

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APPOINTMENTS

Board changes at Yorkshire Switchgear

Mr David Hargreaves, chairman of Hestair, has taken on the post of non-executive chairman of YORKSHIRE SWITCHGEAR GROUP following the resignation due to ill health of Mr Philip Cates, formerly chairman and group managing director. The role of group managing director has been taken over by Mr Clive Dickinson, who was group commercial director. More recently he was managing director of both Yorkshire Switchgear and Engineering Co and Electro-Mechanical Manufacturing Co. Other appointments to the parent company board are:— Mr Jim Doherty, managing director of Lindley Thompson; Mr Peter Gibbons, group commercial director; Mr David Hargreaves, group works director and managing director of EMMCO; and Mr Jim Hill, managing director of the YSE high voltage division; and Mr Martin Oakes, group engineering director and managing director of the group research and development division. Mr Ian Lethbridge has been appointed to the board of YSE as financial director.

★

Following reorganisation the executive directors of QUILTER GOODISON COMPANY will be: Dr Christopher Honeyborne, chief executive; Mr John Brookes chief administration; Mr Barrie Catchpole, investment policy research; Mr John Cosgrove, stock exchange operations; Mr David Damant, modern portfolio management; Mr Paul Killik, retail stockbroking; Mr Colin Malcolmson, fund management; Mr Tony Richards, gross fund management; and Mr David Ridgeon, finance.

★

Mr David Fairfull and Mr Nicholas Selbie have been appointed to the board of KLEINWORT BENSON. Mr Fairfull, an Australian, is managing director of Kleinwort Benson Australia and Mr Selbie, who was with BZW, has joined the Kleinwort Benson corporate finance division.

★

C. E. HEATH has appointed Mr M. J. Burton as secretary in succession to Mr B. Thompson who is leaving. Mr Burton will retain his responsibilities as chairman of Datasure Holdings and deputy chairman of Peterborough Data Processing Services.

★

MERIVALE MOORE has appointed Mr Christopher Bone to the main board as finance director. In addition to his new role, Mr Bone will continue his present responsibility for major property and corporate acquisitions.

★

Mr Ritchie Lloyd Spencer has been appointed chief executive of the GKN powder metallurgy division from July 1. He will succeed Mr Ralph Burton who is to retire later this year. Mr Spencer joins from Reliant Motor where he was managing director.

★

The DECLAN KELLY group has appointed Mr Michael Craft, formerly regional development director with Fairclough Homes, as construction director.

★

Mr Peter Thomas Adler has been appointed to the board of ROBERT BRUCE FITZMAURICE.

★

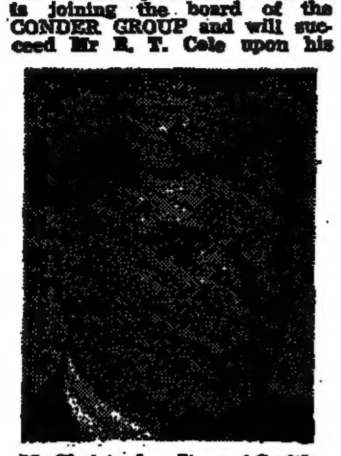
Mr Alan R. Fryer has been appointed to the board of SMITH & NEPHEW ASSOCIATED COMPANIES.

★

THE ROYAL BANK OF SCOTLAND GROUP INSURANCE CO. has appointed Mr Peter J. Wood its executive director, to the new post of chief executive.

★

Mr Christopher Stewart-Smith is joining the board of the CONDER GROUP and will succeed Mr R. T. Cole upon his retirement as group chairman on May 29. Mr Stewart-Smith is a main board director of P & O Steam Navigation and chairman of P & O Cruises.



Mr Christopher Stewart-Smith, chairman designate of the Conder Group

★

Mr William Johnston until recently a director of C. & J. Clark, has been appointed a director of MARTIN FORD, becoming managing director of all trading operations.

★

DISCOUNT BROKERS INTERNATIONAL (UK) has appointed Mr Hugh Humfrey as managing director. He was with Credit Suisse Buckmaster and Moore where his special responsibilities included new business development.

★

Mr John Stonell has been appointed managing director of the recently formed company, SUPER SKY, Aylesbury, who design, manufacture and install custom skylighting systems for large area glazing, using both glass and thermoplastic. He was director of building products for William Cox.

★

Mr David Elliott and Mr David Stenhouse have been appointed directors of CHARTERHOUSE BANK. Mr Elliott has been appointed head of information services and joins from Merrill Lynch where he was associate director—systems division. Mr Stenhouse becomes group personnel director, and is joining from STC Submarine Systems where he was director of personnel and administration.

★

CAPE INDUSTRIES has appointed Mr R. N. J. (Bob) Watson as research and development director of Cape Building Products, Uxbridge. He will continue as director / general manager of Cape Boards.

★

STODDARD HOLDINGS has appointed to the main board Mr Ian Presly, managing director of the group's spinning company, Douglas Reyburn & Co, and Mr Bill Naysmith, the group's design director.

★

RELATIONAL TECHNOLOGY has appointed Mr Don Taylor as director of international sales and marketing, based in London. He joins from Atex, France where he was managing director of the computer publishing systems company.

★

ELECTROCOMPONENTS has appointed Mr Bob McKeon as president of American subsidiary, Electrocomponents Inc.

★

Mr Kerry Brock has been appointed managing director of MOLEX Genco division.

★

Marine aids manufacturer AUTOMATIC POWER has made the following board appointments: Mr P. W. W. Miller (managing director); Mr C. H. A. Sansom (financial director and company secretary); and Mr A. C. Tassell (sales and marketing director). The company is a member of the international Pennwalt Group with headquarters in Philadelphia, US.

★

Mr John Newcombe Maltby has been appointed a non-executive director of HARRISONS & CROSFIELD.

★

JACQUES VERT has appointed Mr David Tiedeman to its board as an executive director. He was a member of the board of Littlewoods Chain Store Division.

★

Mr David Wood, has been appointed managing director of LASKYS and will be joining the company on April 27. He joins from the Ward White Group where he was managing director of Focus Shoes.

★

Mr James Coupland has been elected chairman of SHEARSON LEHMAN METALS and Mr Philip Lynch becomes joint managing director. Also elected to the board are: Mr Michael Turek, New York; Mr Kazunari Sugimoto, Japan; and Mr David Williamson, London. In his new role Mr Turek will be responsible for expanding the company's LME business internationally. Mr Philip Jevons has resigned as deputy chairman for personal reasons but will continue to act as a consultant.

★

Mr William Johnson, until recently a director of C. & J. Clark, has been appointed a director of MARTIN FORD, becoming managing director of all trading operations.

★

Mr Jeffrey Greenwood will become senior partner of NABARRO NATHANSON on May 1 on the retirement of Mr Terence Rebey who will become a consultant. On the same date Mr Carl Hopkins, Mr Derek Sandrove, Mr Peter Kempster and Mr Tim Herbert-Smith will be admitted to the partnership.

★

Mr Michael Walker has been promoted to managing director of BUSH RADIO from sales director. Before joining Bush Radio, part of Prestwich Holdings, Mr Walker was sales and marketing director with Grundig International. He will combine his new responsibilities with those of sales director.

★

PERRY GROUP has appointed Mr Stephen Barrett as managing director of its contract hire division. He succeeds Mr David Lee. Mr Barrett was with the Wincanton Group, transport and engineering division of Unigate.

Deputy chairman of Pilkington

Mr Derek Cook has been appointed deputy chairman of PILKINGTON BROTHERS. He has been a board member of the Pilkington Group since 1984 and was previously the director for flat and safety glass Europe and for the group's fibreglass business. He succeeds Mr Denis Cail who retires in August.

★

BACON & WOODROW, consulting actuaries, has appointed Mr A. S. Cairns, Mr D. R. Halliday, Mr S. M. A. St Leger-Harris, Ms P. A. Simmons, Mr R. Stenlake, and Mr J. H. Wilson as partners from May 1.

★

THE HARRIS & DIXON GROUP has appointed Mr Bernard Coe as group chairman, replacing Mr Michael Pragnell, who has retired. Mr Coe was with Shell International and most recently was chairman of its companies in Thailand, where he was also chairman of the British Chamber of Commerce.

Mr David Hargreaves, non-executive chairman of Yorkshire Switchgear Group

★

Mr David A. Ball has been appointed deputy managing director of the cables division of DELTA GROUP. He was managing director of Pilkington's processed glass operations, and is a former managing director of Ega Holdings, a subsidiary of MK Electric

★

Mr Bertie Peart Smith has retired from being executive chairman of MERCURY AIRFREIGHT HOLDINGS, parent company of the Mercury group. He was the first managing director of Mercury Airfreight International when the company was launched in 1970 as a joint venture between the airfreight subsidiary of Gordon & Gotch (Dawson Brothers) and the airfreight division of Davies Turner. Mr Smith remains chairman of Gordon & Gotch and of British European Associated Publishers. Mr George Lines takes over as chairman of Mercury Airfreight Holdings. He is also financial director of Davies Turner & Co. Mr Don Rothwell moves up from managing director to become chairman of all the Mercury group's operating companies.

★

Mr John Sharples has been appointed works director and Mrs Susan Sharples sales services manager, of LAVENDER BOXES.

★

Mr Brian Lawson has been appointed to the board of EDWARDS OF ENFIELD, as engineering director. He was engineering manager.

★

ESTATES & GENERAL INVESTMENTS has appointed Mr Barry Clegg as property director. He has been with the company for over 15 years. Mr David Cull becomes finance director. He was a director of the Worktown group. Mr Philip Clayton also joins the board. He was chief executive and deputy chairman of Site Improvements, which was acquired by Estates & General last month.

Public Notices

PUBLIC NOTICE

Proclamation of Sale in the Supreme Court of Bangladesh
High Court Division, Dhaka
(Admiralty Jurisdiction)

ADMIRALTY SUIT NO. 30 OF 1984

In the matter of Sonali Bank —— Plaintiff/Decreeholder
Versus

1. Bengal Liner Ltd. having its registered office at 67 Motijheel Com. Area, Dhaka
2. Khondakar Mahtabuddin Ahmed.
3. Mrs. Khanam Aldikon Begum
4. Mrs. Dil Afroj
5. Khondakar Raisuddin Ahmed
6. Khondakar Salahuddin Ahmed, residing at 113 Jurain, PO Faridabad, Dhaka 4

Defendants/Judgement debtors

NOTICE IS HEREBY GIVEN that an order has been passed by this Court on March 30 1987 in which it is decided that sale of the attached property mentioned in the Schedule below for satisfaction of the claim of the plaintiff decree holder in the above suit against the aforesaid defendants judgement debtors amounting with interest up to December 31 1985 to the sum of US$1,270,984.70 and costs US$1,400. The sale will be held by public auction and the attached property of the judgement debtors above-named mentioned in the schedule will be put up for sale in the lots specified in the schedule. In the absence of any order of postponement, the sale will be held by the undersigned commencing at 10.30 am on April 30 1987 at the Supreme Court premises at Dhaka.

At the sale public generally are invited to bid either personally or by duly authorised agent.

The highest bidders will have to pay 25 per cent of the bid money on the spot immediately by cash or Bank Draft and the balance must amount within 7 days from confirmation of sale by the High Court Division.

Given by order of Court under my hand and the seal, of the Court, this 8th day of April, 1987.

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Number of Lot	Description of property to be sold	
	All shares of above named judgement debtors in	
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6.	Qudratee Oil Mills Ltd	do
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14.	Crown Delux Car Dhaka 434	do

Signed:
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High Court Division,
Dhaka, Bangladesh

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NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND FIFTY-FOURTH ANNUAL GENERAL MEETING OF MEMBERS is appointed to be held at GLAZIERS' HALL, 9, MONTAGUE CLOSE, LONDON BRIDGE, LONDON, SE1 9DD, ON WEDNESDAY, 13TH MAY 1987, at 2.30 p.m.

1. To receive the accounts for the year ended 31st December 1986 and the reports of the Directors and Auditors thereon.
2. To elect Directors.
3. To appoint Auditors and determine the basis of fixing their remuneration.

A Member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his behalf and such proxy need not also be a Member of the Office. The instrument appointing a proxy, a specimen of which is set out in Rule 30 of the Rules of the Office, must be deposited at Pixham End, Dorking, Surrey, RH4 1QA, at least forty-eight hours before the time of the meeting. Proxy forms may be obtained on application to the Secretary.

Members intending to attend and vote personally at the meeting should be prepared to quote their policy numbers.

By Order of the Directors,
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THE FORD SCORPIO

Clive Woolman examines an expert's criticism of investor protection laws

An inside view of the City regulatory system

MR BARRY RIDER leads a double life. Part of his time is spent as head of an international business crime investigation unit, tracking down fraudsters in some of the shadier districts in leading financial centres and tax havens.

But Mr Rider is also one of the UK's leading academic specialists on securities law. His largest published work covers insider dealing, and the laws against it, everywhere from Wall Street to the isolated highland tribes of Papua New Guinea.

His teaching room just off the 12th century hall in Jesus College, Cambridge, is filled with exotic, lethal weapons and other antiques from his travels in the Far East. His windows have been barred to protect the secret company and fraud investigation files he has accumulated along his shelves.

From his standpoint as both a theoretician and a practitioner with experience of several, sometimes violent, confrontations with criminals and governments, Mr Rider is a powerful critic of the UK's investor protection system.

His criticisms are directed at the new City regulatory framework and at the enforcement work of the Department of Trade and Industry and its recent rash of insider dealing investigations.

"The whole point about making insider dealing an offence is to protect public confidence in the fairness of the market," he says.

"The danger is that we are blowing the whistle and making a fuss which highlights the problem, but we are not catching many people. The Government is not convincing the public that everything is OK, just the opposite."

The starting point of his comparison between the UK and US—where the Securities and Exchange Commission has been cracking down on suspected insider dealers with increasing success—is the quality and the image of the regulators.

The Government, he says, has always failed to recruit the right sort of people to regulate financial markets, a situation which is likely to continue.

"You can construct all these institutions but you have to set up a career structure and pay enough and create social incentives," he says. "But from what I see at Cambridge, it is generally the least ambitious students who go into the DTI and public agencies."

As a result, the DTI, unlike its counterparts in other countries, relies heavily on the work of outside inspectors, usually accountants and barristers, who are appointed for one-off assignments.

"There is no expertise because there is no continuity," Mr Rider says. "You need to work on a few cases to build up a network of contacts and understand, for example, how Stock Exchange bargains are recorded or how you can use nominees. Like the police, the DTI relies on generalists, when what they need is a permanent inspectorate with a real career structure."

In his conversations, Mr Rider combines the originality of an academic and idealism of a crusader with the synicism of a jaundiced police officer who has seen it all before.

Most people, he believes, are potential white-collar criminals if the opportunities and profits are big enough and the risks small enough. With careful planning, the risks of being caught for a securities offence such as insider dealing are tiny.

No system of enforcement, he says, is likely to track down the crook who deals in London through an offshore nominee and, behind it, an "omnibus account," with 30 to 40 beneficiaries, a Swiss lawyer (who is immune from disclosure provisions) or a shell or phantom bank.

"To shift the calculations of the white-collar criminal the other way, you have to increase the risks and the potential losses of crime by using every device possible."

He supports the high-profile tactics of the US regulatory authorities, in particular Mr Rudolph Giuliani, the US Attorney in Manhattan, with their dramatic arrests and handcuffing of senior Wall Street bankers in their companies' dealing rooms.

"We need a Giuliani in this country to send shivers down your spine if you are hauled in for questioning," he says.

"Instead what we have are these grey and bleak chaps from the DTI and elderly gentlemen like Sir Kenneth Berrill (chairman of the new City watchdog, the Securities and Investments Board). They would not use handcuffs but just telephone to ask for an appointment to see you next week."

Barry Rider: "The Government is not convincing the public that everything is OK, just the opposite."

Mr Rider cites the work of criminologists who suggest that the arrest is the event which has the greatest impact on the white-collar criminal. "It is the indignity of it, when you are subjected to coercion," he says.

Another useful device, he believes, would be the "privatisation" of enforcement actions against insider dealing so that potential wrongdoers would be deterred by more than just the (remote) threat of a criminal prosecution.

For example, a company in whose securities insider dealing took place could be given a statutory right to sue the miscreant and recover damages equal to, say, three times his profit.

In cases where there was clear evidence, a company could be obliged to bring a civil action as a condition of a Stock Exchange listing or, if it failed to do so, any of its individual shareholders could take its place. The attraction of a civil action is that the burden of proof and the rules of evidence and procedure afford less protection to the wrongdoer.

The other method of tackling insider trading, he says, is to reduce the volume of inside information about companies. He suggests imposing a statutory obligation on company directors to disclose all material price-sensitive information as soon as it occurs.

Many quoted companies would therefore have to supply a steady stream of information about themselves to the Stock Exchange. But what if the information was uncertain or subject to manipulation?

Mr Rider replies: "Once you have gone beyond a well-defined point, you could file a discretionary statement with the authorities. Then at least they can decide what to do and watch market dealings more carefully."

If the main burden of disciplining insider trading was to fall on the private sector, this would allow the regulators to switch their resources into other areas. Mr Rider's choice is vetting companies and investment businesses which, he thinks, is often overlooked because of its lack of glamour and salience.

For example, the statutory company filings are rarely monitored even though the first symptom of a corporate fraud is often a late filing.

More generally, he is embittered by the lack of resources governments are willing to devote to cracking down on international fraudsters. He recalls one official who was asked to mount a surveillance operation on a Canadian suspect in London but was told he could only use public transport.

As another example, he says there is a mass of documents lying somewhere in one regulator's back office which contains evidence against Mr Irving Kott, another alleged Canadian securities fraudster.

From his "boiler room" operation in Amsterdam between 1983 and 1986, Mr Kott is alleged to have taken more than $200m from unsophisticated investors through the aggressive telephone selling of shares of negligible value at greatly inflated prices. However, the Kott documents cannot be found because the office cannot afford to employ a filing clerk.

In a book just published on the Financial Services Act which he has co-authored, Mr Rider's criticisms of the new regulatory structure are veiled and limited to a few specific areas. But he feels a more general sense of unease.

The report by Professor Jim Gower, now a legal adviser to the SIB, which formed the basis of the new structure, was too much of a one-man show, he thinks. Prof Gower commissioned no studies of investment businesses and did not draw sufficiently on academic research, says Mr Rider.

He draws an analogy with the company code that Prof Gower drew up for Ghana in the 1960s. This was widely applauded as a fine piece of work which would have greatly improved company law in the UK. But in a country with a low rate of literacy and even less administrative experience, it proved inappropriate.

Mr Rider suggests that the new highly complex City regulatory system will similarly fail to be enforced effectively unless more fundamental changes are introduced in the deployment of people and resources.

The Regulation of Insider Trading, B. Rider, L. French (Macmillan, 1979). Guide to the Financial Services Act 1986, B. Rider, D. Chaikin, C. Abrams (CCH).

British Airways spreads its wings in £6bn spending spree

Michael Donne on a newly privatised airline's plans for re-equipping its ageing jet fleet

OVER the next few months, newly-privatised British Airways will complete a detailed study of airliners on offer before placing a £1bn order to replace its ageing fleet of 19 Lockheed TriStars.

This follows the order, announced late last year, for 16 Boeing 747-400 Jumbo jets, worth about £1.5bn, with an option on another 12, for delivery from spring 1989. These will replace the oldest of the airline's 31 Boeing 747s.

Both orders are part of what is expected to be a £6bn re-equipment programme for the airline. This would cover most of its fleet needs through to the mid to late 1990s, and put the airline in the front rank of aircraft buyers.

As a result, the world's aircraft builders are beating a path to British Airways, conscious that few airlines have such ambitious re-equipment plans. It can embark upon such a programme because it has been freed from the kind of control over procurement policies exercised by the Government when the airline was in state hands.

This freedom comes at a time when the airline faces the prospect of substantial expansion—an expected increase in passenger traffic from 18m to around 40m a year by the mid to late 1990s—and when some substantial elements of its fleet are nearing the end of their life.

The airline faces a substantial increase in passenger traffic

British Airways is looking at all aircraft categories offered by the manufacturers, from long-range jets to replace ageing Jumbos, down to small 100-seaters to replace short-range One-Elevens.

While the immediate problem of replacing the oldest of the fleet of 31 Boeing 747s has been settled (others staying in service are to undergo a £100m refurbishing programme) the airline wants to replace the 10 TriStar 200s and 500s used on long-distance routes where traffic densities do not justify the bigger Jumbos.

It is studying the proposed Airbus A-340 four-engine long-range jet, and its rival, the McDonnell Douglas MD-11. It will need up to 10 aircraft in this category.

At the same time, the TriStar Dash Ones and Dash 50s which have been used on short-to-medium-range routes will also need to be replaced, eihter by the the twin-engine Airbus A-300-600, or the twin-engine Boeing 767. In this category, about nine aircraft will be needed.

Engine choice will be critical. British Airways would prefer to use Rolls-Royce engines if possible, to ensure compatibility with the rest of its fleet, substantially powered by Rolls-Royce.

Since the projected Superfan engine, offered originally by International Aero Engines, has been dropped, the airline will have to accept the Franco-US CFM-56-5S3 engine in the Airbus A-340 if it selects this aircraft.

It could, however, get the Rolls - Royce RB-211-524D4D engine on the McDonnell Douglas MD-11, if it wanted it. Rolls-Royce is discussing this possibility with McDonnell Douglas and an agreement to offer that aircraft with the Rolls-Royce power-plant may soon be reached.

For the short-to-medium range jets, the choice is more difficult. The A-300-600 uses US General Electric or Pratt and Whitney engines, which British Airways would prefer not to buy.

Last week, however, Rolls-Royce announced a deal with Boeing to put the RB-211 engines on to all versions of the 767, which must strengthen that aircraft's chances of being chosen by the British carrier.

While studying these options, the airline is also looking at what is likely to become available in other aircraft categories. It is happy with its 28 Boeing 757 short-to-medium range jets, which each seat about 186 passengers, and is already buying more.

But one area of concern is the 150-seater category. British Airways does not have such an aircraft in its fleet, and recognises that it may eventually need one. It has studied the Airbus A-320 but prefers to make no commitments until it sees what Boeing does with its long-planned rival, the 7J7 twin-engine advanced technology jet, due for service from 1992.

An order in this class of aircraft will again depend on the engine. Boeing is offering the 7J7 solely as a prop-fan aircraft, following the demise of the Superfan engine.

British Airways, like many other airlines, is cautious about the prop-fan, a revolutionary concept still under development. General Electric claims that during flight tests the engine has demonstrated reliability, fuel efficiency and low noise levels.

At the short-range end of its fleet, in the 100-110 seater category, British Airways has 27 One-Eleven twin-engine jets and 45 Boeing 737-200s. The 737s will not have to be replaced for some time, although the airline may decide to update the fleet with later versions offering better fuel consumption and more advanced technology.

British Airways may buy more 737s anyway, to meet traffic growth on its short-range routes in the UK and Western Europe.

The One-Eleven 100-110 seaters are old—the first entered service in 1964. Although they have been modified over the years, especially to meet noise regulations, British Airways recognises that a replacement will be needed by the early 1990s.

BA is cautious about the revolutionary prop-fan concept

The airline does not consider the One-Elevens can be re-equipped with the latest Rolls-Royce Tay engine, and would prefer something new.

It is assessing the British Aerospace 146 four-engine regional jet, and the Dutch Fokker 100, and would be interested in any 100-110 seater version of the Boeing 737.

With 27 aircraft to replace together with additional jets to meet traffic growth, any order in this category would be substantial.

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Ward offers to account for £5.2m

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

JUDGMENT is to be given in the High Court in London today in the case brought by Guinness, the brewing company, against Mr Ernest Saunders, the company's former chairman and chief executive.

Mr Saunders and his fellow director, Mr Thomas Ward, have been attempting to rid themselves of temporary court orders obtained against them by the company in connection with a £5.2m fee allegedly paid to Mr Ward for his services during the Distillers takeover at Mr Saunders' instigation.

Since March 18, when Guinness issued its writ, alleging breach of fiduciary duty, the two men's UK assets have been frozen up to a limit of £5.2m. They have faced orders requiring them to disclose the whereabouts of the £5.2m and to "repatriate" it to the UK.

Yesterday, Mr Ward offered to transfer to a dollar account in London in the name of his solicitors, Calow Easton, $2,002,000 which he claimed was all that remained of the £5.2m after paying US taxes and other expenditures.

Mr Ward also offered to deposit in the UK about $25,000 raised through the sale in the US of 5,000 Guinness shares he owned, in "inadvertent" breach of the freezing order.

He offered to swear an affidavit setting out how any unaccounted for parts of the £5.2m had been spent.

Mr David Oliver, QC, for Guinness, said that if this were done Guinness would agree to Mr Ward drawing on the money to pay his lawyers.

But, Mr Oliver said, Guinness wanted all sums representing any part of the £5.2m secured in England as far as possible. They included a $100,000 loan and a $320,000 investment Mr Ward claimed to have made out of the money and Mr Ward's right to reimbursement of $4.7m in US taxes if the court held he was not entitled to the £5.2m.

In addition, Mr Oliver said, Guinness wanted to know all that had happened to the £5.2m "on its travels around Europe" – the routes by which it had gone from Marketing and Acquisition Consultants, the Jersey company to which it was initially paid, through to Mr Ward.

Guinness wanted to verify what had been said by Mr Ward and Mr Saunders about who had benefited from the money. Also, because a substantial part of the money appeared to have been spent, there might be other people against whom Guinness would want to take legal action.

Mr Oliver said that Guinness wanted Mr Saunders' UK assets identified and the freeze on them continued. The company no longer wanted an order that Mr Saunders "repatriate" the £5.2m.

Guinness would be satisfied with a narrower disclosure order against Mr Saunders than that originally granted. It should cover all dealings with the £3.029m of the £5.2m that had passed through an account at Union Bank of Switzerland – lent by Mr Saunders to Mr Ward – while it had been in that account. Mr Saunders should also give such other information as he could about what had happened to the £5.2m, Mr Oliver said.

During yesterday's hearing the judge, Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, asked for proof that Mr Ward, a US attorney, had in fact paid $4.7m in US federal and state taxes.

The court had been told by Mr Peter Curry, QC, for Mr Ward, that the tax had been paid on March 17 – the day before Guinness issued its writ.

The judge told Mr Curry: "We are talking about 57 per cent of the fund, paid in tax nearly a month before the deadline" (for US tax payments). "At the moment I have nothing beyond Mr Ward's word for it."

Mr Curry said that inquiries would be made of the US tax authorities. Later, he suggested that Mr Ward be given 28 days to produce evidence of the tax payments and to assign the benefit of any tax reimbursement to his London solicitors.

Mr Oliver said there was no evidence that either Mr Saunders or Mr Ward had suffered hardship because of the order made against them.

The judge disagreed. "Mr Ward's case is that he is being chased around the world and harassed by litigation. Mr Saunders says he is being bullied," said Sir Nicolas.

Treasury forecasts 4% jump in manufacturing output this year

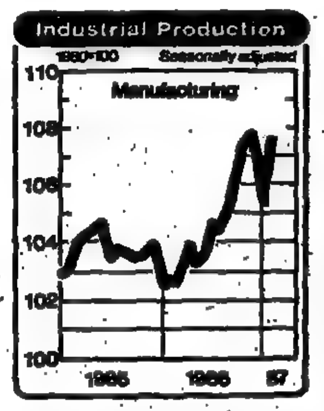
BY JANET BUSH

BRITAIN'S manufacturing performance was even stronger in the late months of last year than official figures at the time suggested. The annual rate of manufacturing output growth could now have accelerated to nearly 4 per cent from the rate of 3 per cent seen since last spring, according to government statisticians.

Figures released yesterday by the Central Statistical Office (CSO) showed larger than usual revisions to earlier estimates of manufacturing output in the final three months of 1986 and in January.

The CSO now estimates that manufacturing output in October-December was 2.5 per cent higher than in the previous three months compared with its previous estimate of 1.3 per cent.

Yesterday's figures showed a sharp rebound in manufacturing output in February from January's level, which had been depressed by the bad weather. This recovery had been expected but was stronger than most independent economists had forecast.



Manufacturing output rose by 2.2 per cent between the two months, with the recovery most marked in the sectors which had been hardest hit by the cold weather – metals manufacturing, mineral products and chemicals.

The strong performance in February has taken manufacturing output to a level 3.6 per cent higher than a year ago and the statisticians hinted that this figure could give a good indication of the underlying growth rate of output.

The Treasury is forecasting a 4 per cent rise in manufacturing output this year, helped not only by an improved export performance reflecting sterling's sharp depreciation last year but also by still buoyant demand in home markets.

Total output, which includes both manufacturing and the energy sector, was 1.6 per cent higher in February than in January. North Sea oil output continued to recover from December's depressed level, more than compensating for a fall in gas and electricity consumption due to the warmer weather.

The CSO's index for manufacturing output stood at 107.6 (1980=100) in February, sharply above 105.3 in January but still just below December's peak of 107.9. The index for production industries as a whole stood at 112.6 (1980=100) compared with 110.8 the previous month.

Poll gives Tories 10 point lead

By John Hunt

A PUBLIC opinion poll carried out by Marplan for the Press Association gives the Tories a 10 point lead, puts Labour in second place but also shows the Liberal Social Democratic Party Alliance gaining considerable support at the expense of Labour.

The significance of the poll lies in the large sample of people questioned, 9,170 adults in 319 randomly selected constituencies between April 8 and 10.

It gives the Conservatives 40 per cent, Labour 30 per cent and the Alliance 27 per cent.

There is some consolation for Labour as it confirms some recent opinion polls in putting the party back in second place after some polls a few weeks previously placed it third behind the Alliance.

Mr David Steel, the Liberal leader, found cheer in the results and said it confirmed that Labour was on the way down and the Alliance on the way up. It was a severe jolt to Labour complacency, he said.

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financial i

How to set up a cellular mobile telephone system without any government money whatsoever.

Read how Comvik International, in cooperation with local partners in each country, sets up, markets and operates nation-wide, cellular mobile telephone systems.
NOTE: Comvik and partners provide *all* the money.
All the governments do is earn money.

COMVIK INTERNATIONAL is a company that sets up, markets and operates modern, cellular telephone systems in many countries. The modern system we use was developed by Comvik International, and is based on the '80's most advanced microchip technology.

Let us now tell you about the different advantages of our system, which together make our system more convenient for users than any other existing system.

7 major advantages of the Comvik approach:

1. Public sector money is not needed.
Instead, authorities can use their money to maintain and further develop their existing telephone networks.

2. Rapid introduction of service: 6 months.
Within 6 months after frequencies are assigned we will be ready to start operating. (Look at your calendar, count 6 months ahead, and then you can mark with a red "X" when the system will be ready to use!)

What's more, our system is modular, which means that operating capacity can be increased at the same pace as the market capacity increases. And no matter how steadily or how much both capacities continue to increase – no government money is ever needed.

3. The governments earn money on the Comvik System.
The Comvik System does not operate independently of the existing national telephone system – our system plugs into the existing system thus *adding* to the existing system's capabilities. Which, of course, provides extra income to the telephone company. It's that simple. And of course this extra income is generated without any investment on the part of the telephone company.

4. Comvik will buy equipment from local manufacturers.
Comvik is an *operating* company. We neither manufacture nor sell telephone equipment. So in those countries where proper manufacturing facilities exist, Comvik and its local partners will transfer its technology to a local company and purchase equipment locally. This of course creates jobs and saves foreign currency – two extra advantages for countries using the Comvik system.

5. Comvik is open to suggestions from host governments about its choice of local partners.
We ask only that our partners enjoy financial health and have the best possible reputation.

6. Comvik educates technical personnel so thoroughly that product and service development can continue in the host country.
We will teach technical personnel *everything* we know about our system. We will hold nothing secret. Which means that technical experts in every country in which we operate can develop special applications specifically suited to local conditions. In Hongkong, for example, our local technical personnel developed the Comvik Systems to serve the needs of the various Hongkong taxi companies.

7. Comvik International's experience is both extensive and varied because it comes from different countries.
Thus, we know how to market not only *mobile telephones* but also mobile telephone *service*. Our goal is to give every market in which we operate a first-class mobile telephone system, a system specifically tuned to each market's individual needs. Anything less would be bad business for all of us. So we never provide anything less.

Are there no disadvantages to using Comvik?

Yes, one.

But let us first answer some questions that always come up when we introduce our system:

A. Won't it be expensive for subscribers?
No. Despite the fact that the Comvik System gives subscribers more convenience than found in traditional cellular telephone systems, fees are no higher – and why should they be?

B. Are the assigned frequencies really used efficiently?
Of course, as efficiently as any other cellular systems.

C. Does Comvik want a monopoly?
No. In Sweden, for example, we compete with Televerket (the Swedish Telephone Company) with a licence from The Swedish Government.

Now, getting back to our disadvantage – what is it?

Comvik is *not* a manufacturing company.

We are an operating company.

So you can't *buy* our system – together with our local partners *we operate the Comvik System ourselves* in each of our host countries.

Of course the great advantage of this seeming disadvantage is that we alone are completely responsible for the functioning of our system to our subscribers' complete satisfaction and to the satisfaction of our host government.

One last question that is always asked us:

How can Comvik International establish a system without any government funding when the traditional cellular systems need millions upon millions of dollars to build a nation-wide network?

We don't need (or want) government money because of the modern electronic technology we use.

In fact, this modern technology costs so little that we need only 1.000 *subscribers within* 2 years to consider any market a worthwhile market. Of course the reverse of this is that less than 1.000 subscribers is not worthwhile.

COMVIK International

Telephone +46 8 10 02 17. *Telex* 15308 Commed S.
Fax +46 8 723 16 68.

Summed up:
- Comvik International is an operating company, pure and simple. We neither make nor sell equipment.
- Together with our local partners we set up, market and operate a modern, cellular mobile telephone system with a unique price performance.
- The Comvik System can provide jobs for local equipment manufacturers.
- Comvik, together with its local partners, provides the entire investment necessary to set up and operate the system.
- The Comvik System will begin to operate 6 months after we have been assigned our frequencies and have been licensed to connect into the existing telephone system.
- Comvik provides extra income to the government at no cost to the government.

If you will fill out the coupon below, we will be glad to send you more information about the commercial, technical and consumer aspects of our unique approach.

To
Comvik International AB
Sergels Torg 12
S-111 57 Stockholm
Sweden
☐ Please send further information
☐ Please call me

Name: ____
Address: ____
____
Telephone: ____
Telex: ____
Fax: ____

Ardent

Comvik International is a member company of the Swedish investment group Kinnevik, which is active within the paper, steel, engineering, electronics and communication industries.

SIP

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Registered Office in Turin
Share capital Lit. 5,400,000,000,000 fully paid

Registered at Turin Court n. 131/17 of the Register of Companies

NOTICE CONVENING THE ANNUAL GENERAL MEETING

The Shareholders are hereby notified that the Annual General Meeting will be held in the Conference Room of the Company's Headquarters in Via Bertola 34, Turin, at 9. a.m. on April 30, 1987 and, if necessary, a second meeting will be held on May 22, 1987 at the same time and place, to discuss and resolve upon the following:

AGENDA

1. Board of Directors' Report and Board of Statutory Auditors' Report on the Financial Statements as at December 31, 1986; pertinent motions.
2. Remuneration to Auditors for the financial year 1986.

The Shareholders shall have the right to participate in the Meeting provided that, at least five days before the date established for the Meeting, they have deposited their share certificates with the company's Registered Office, Via San Dalmazzo 15, Turin, or Via Flaminia 189, Rome, or with any other duly-authorized department in Italy.

Such a deposit could be performed as well with the following:

— London: Banca Commerciale Italiana - 42, Gresham Street
Banco di Roma - 14/18, Eastcheap
Credito Italiano - 17, Morgate

— New York: Banca Commerciale Italiana - One Williams Street
Banco di Roma - 100, Wall Street
Credito Italiano - 375, Park Avenue

— Paris: Banca Nazionale del Lavoro - 26, Avenue des Champs Elysées

— Frankfurt am Main: Istituto Bancario S. Paolo di Torino - Schillerstrasse, 26

For the Board of Directors
Michele Giannotta

Gruppo IRI - STET

Labour forecasts big gains in local elections

BY JOHN HUNT

THE LABOUR PARTY will take control of at least 10 or 12 additional councils in the local government elections on *May 7, Mr John Cunningham*, the party's environment spokesman, predicted yesterday.

Launching Labour's campaign for the election, he said the party expected to gain control of Trafford in Greater Manchester, Cardiff and Reading. But he said it was very difficult to predict what would happen in Liverpool where prominent supporters of the Trotskyite Militant group have been expelled from the party.

"We are determined to reconstruct a genuine *Labour Party in* Liverpool," he said. "That process is going on and we are determined to see it through and to see Militant off. That makes it difficult electorally."

With Labour controlling 160 councils compared with the Tories' 152 and the Social Democratic/Liberal Alliance's 11, Mr Cunningham said that the party was now in the strongest position in its history in local government – "we are defending a position of great strength."

The party has gone to great lengths to counter Conservative allegations of "loony left" councils during the campaign. Elaborate preparations have been made and kits issued to candidates and party workers telling them what issues to campaign on and what techniques to use on the doorstep and in the media.

Job creation and claims that Labour authorities have maintained services in the face of Government cuts in revenue will be the central themes of Labour's campaign.

The party is also anxious to neutralise the effect of allegations from Mr Nicholas Ridley, the Environment Secretary, and Dr Rhodes Boyson, Local Government Minister, that Labour authorities have run up a dangerous level of debts with financial institutions and foreign banks, using their fixed local assets as security.

Mr Cunningham yesterday described these allegations as "preposterous", and "a lie." He said it seemed that it was acceptable to the Conservative Government when the financial resources of the City of London were used for takeovers, but not acceptable when it came to supporting essential services and preserving jobs.

Earlier, on BBC Radio 4, he said: "What local authorities of all political persuasions have done is to use their ingenuity and the ingenuity of the City of London to avoid putting people on the dole and cutting services."

On the same programme he admitted that publicity about Labour authorities pursuing issues such as gay rights "might be a problem in some places."

The party will be attempting to combat any threat from the Alliance by criticising the record of Liberal-controlled local authorities.

In order to head off "loony left" allegations, the party is issuing a series of bulletins entitled "Best Practice News," highlighting successful Labour innovations in local government with the claim that some of them have been adopted by the Tories.

It is combining this with campaign literature alleging incompetence among Tory-controlled councils and inefficiency and "cover-ups" over the privatisation of services by Conservative councils.

In its detailed instructions, the party includes tips on how to behave during television interviews. One instruction advises: "Go easy on the booze you may be offered before you go into the studio. No matter how strong your head, your face will flush and red faces do not inspire confidence among the electorate."

Brussels plans to end VAT zero-rating

By John Hunt

THE EEC Commission is preparing proposals to force the British Government to end zero rating on Value Added Tax (VAT), which would cost the UK consumer an additional £6.5bn a year, Mr Roy Hattersley, Labour's economics spokesman, claimed last night.

"It would raise enough revenue to get back the money which Nigel Lawson gave away in his budget," Mr Hattersley said. "This proves what we always said about his tax cuts – they are unsustainable and the Government always knew it."

He listed the amounts which would be raised in VAT by abolishing zero rating on various items: food £3.5bn, fuel £1.4bn, new construction, including housing, £875m, newspapers and periodicals £300m, children's clothing £225m, books £90m and children's shoes £50m.

Mr Hattersley said that Lord Cockfield, the EEC commissioner who was formerly Minister of State at the Treasury in Mrs Thatcher's Government, was playing a leading role in drawing up the proposals and that the plans were almost ready.

It provided an opportunity which the Government could cynically exploit. He said the Treasury was working on the ways in which extra VAT be imposed, and the Prime Minister had "consistently refused to rule out massive VAT increases after the next election if she remains in office."

He said the Commission was not clear whether Lord Cockfield would make a formal proposal to abolish zero rating next month or the month after – before or after a June general election.

"The Government's clear duty is to make its position plain here and now," he said.

Graduates prefer City salaries to industry's rusty image

BY PHILIP BASSETT, LABOUR EDITOR

"BRITISH industry has the charisma of a rusty kettle." That's the view of one high-flying graduate who is having little difficulty in choosing whether to go into industry, or to the City of London, according to Ms Sidney Smith, personal vice-president in the UK of the First National Bank of Chicago.

Ms Smith, with others, was trying yesterday at a conference in London organised by the Industrial Society to reply to the question: Is the City Poaching the High Flyers? Her answer was straightforward: no.

No, because "poaching" implied that they were in, or going into industry until they were diverted by talk of golden hellos, Porsches and six-figure salaries to the rich pastures of the City. She argued that they were never interested in industry anyway (and that such talk vastly overstated the more gruelling reality of City work).

Speaking for industry, Mr Malcolm Ballin, personnel director of British Steel, gave the figures. Thirty per cent of the graduates BSC takes on are in engineering; in 1985, only – or perhaps as many as – 3.1 per cent of mechanical engineering graduates joined the financial sector. Economics or business studies graduates comprised 8 per cent of BSC's intake, and 57.6 per cent of the financial sector overall.

But perhaps most significant were the figures for mathematics and computing: 15 per cent of BSC's intake, but 29.8 per cent of those going into the financial sector.

Mr Bellin tried hard to sell industry's qualities – international, against the mere metropolitanism of the City; progression and security, against cash; a broader sweep, against a narrow focus. Undergraduates in the audience looked doubtful.

Everybody who spoke stressed that there was much more to working in the City than mere money. Money was much less important than career development, than training, than intellectual stimulation, than interesting colleagues.

But there was a notable quickening of the pulse when the autumn 1987 new graduate salary level of £11,000 mentioned by Ms Mairi Eastwood, a partner in the accountants Arthur Young, was upped by Ms Smith to a general new graduate salary range in the City this year of between £10,000 and £26,000.

Despite a video trying valiantly to picture steelmaking as a high-tech rather than a smokestack industry, industry (in the shape of Mr Bellin) seemed to lose out heavily to the City (in the shape of Ms Smith).

Herself a former New Zealand civil servant, and previously employed by both Sainsbury's and Chase Manhattan Bank, Ms Smith's firecracker of a speech – sharp and funny, descriptive and analytic – was probably in itself an indication of why graduates prefer City life to industry.

She was sceptical about the modern myths of the City – long lunches, high expenses, skyhigh salaries, the Yuppies (young upwardly mobile professionals), Dinkies (dual income no kids), Oinks (one income no kids) an even Yummies (young upwardly mobile marxists), however, in many of her examples, especially about those City employees starting work at 8am and still there at 9pm, seemed to be going some way towards confirming the media stereotypes.

Travel chief decides to step down

By David Churchill

MR NEIL SCOTT, the 52-year-old executive chairman of the Owners Abroad travel and airline business, is to retire next month.

The move took the City of London by surprise yesterday as Mr Scott had been the driving force behind the growth of Owners Abroad – Britain's sixth-largest package tour operator – which last month reported a sharp increase in pre-tax profits.

Mr Howard Klein, 47, the new chairman, said yesterday there had been no boardroom row. "After 20 years in the business, Neil has decided to enjoy some of the rewards of his efforts," he said. "But there will be no change in the direction of the business."

In the 10 months to end-October – a shorter period because of a change in accounting systems – the company reported pre-tax profits of £5.19m, compared with £3.81m in the previous 12 months.

Owners Abroad is also the majority shareholder in a new charter airline company called Air 2000.

ERF forecasts 50% output rise

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HIGHER DEMAND should push up production by ERF, the last British-owned truck producer, by 50 per cent this year compared with about 1,750 vehicles in 1986, Mr Peter Foden, chairman, said yesterday.

Customers seem to have regained confidence in the company and its long-term future. It suffered losses of £11.3m in the 1980–83 truck industry recession.

ERF's order intake in the first quarter of this year was the highest since 1979, the peak year for truck demand in the UK.

Output was increased from seven trucks a day in January to 10 a day last month and would go up again *to 12 in May, Mr Foden said.*

ERF, which cut its workforce last November by about 50, had hired about the same number to cope with the increased output and would need more people next month. Discussions were going on with the unions about the precise number. The company currently employs 750 of which 350 are on the truck lines.

Mr Foden said that ERF should win some of the available business created by the recent merger of the former state-owned Leyland Trucks and DAF into a group controlled in *the Netherlands, as well as that left* available by General Motors which has stopped production of Bedford medium and heavy trucks in the UK.

There would also be a unique opportunity to strengthen the ERF distributor network because of the rationalisation of the UK industry. Mr Foden said ERF could add about three more distributors to the present 23.

Expansion in pipeline

By Ralph Atkins

WATER AUTHORITIES are considering ways to diversify into a range of new businesses if the water industry is privatised, as the Government intends.

Ideas under discussion include the development of marinas, hotels and caravan parks and using gas from sewage for cheap heating.

One authority, Yorkshire Water, which serves about 2m households, has already held in-house seminars to discuss areas which could be developed.

The privatisation of the 10 English and Welsh authorities was postponed until after the general election by the Government in July last year. If the Conservatives return to power, privatisation could come as early as November next year, the authorities believe.

At present, the authorities are limited by law on the activites on which they can spend.

BA recruits first women pilots

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS yesterday hired its first women airliner pilots. They will fly as co-pilots for an initial training period but could eventually command Jumbo jets on long-distance air routes.

The three women are Lynn Barton, 30, Jill Develin, 30, and Wendy Barnes, 27.

They have been hired by BA as part of its pilot recruitment programme, intended to train up to 1,200 new pilots by the end of the century to replace pilots retiring from the 2,000-strong pilot force.

BA has hired no pilots for almost a decade, but retirements have begun to catch up. The recruitment scheme includes untrained pilots, who will pass through a new flying training college set up by British Aerospace, the aircraft manufacturer, at Prestwick in Scotland.

The three women hired yesterday are trained pilots, but in addition, two will be taught to fly short-haul One-Eleven twin-engined jet airliners and British Aerospace twin-engined 748 aircraft. One will move to Boeing 747 Jumbo jets as a second officer.

Their starting salaries will be about £17,800 a year.

Mr Colin Marshall, chief executive of BA, said: "I am delighted to welcome them aboard. BA is an equal opportunity employer, and the absence of women on our flight deck is due only to the fact that we have not recruited any pilots at all in more than 10 years."

BA is behind other UK airlines in the recruitment of women pilots. Air UK has eight out of a pilot force of 185; Dan Air has seven out of 463, and British Caledonian has four out of 400.

New issue
April 15, 1987

All these Bonds having been sold, this announcement appears as a matter of record only.

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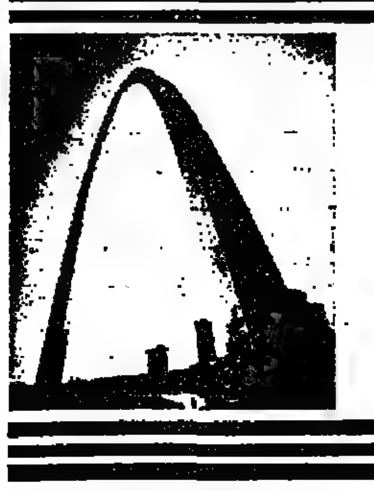

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Johannesburg Consolidated Investments Group

(All companies mentioned are incorporated in the Republic of South Africa)

Gold mining companies' reports for the quarter ended 31 March 1987 with comparative figures for the previous quarter

Randfontein Estates

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
Registration Number 01/00251/06
Issued capital: R12 227 106
(Divided into 6 113 553 shares of R2 each)

OPERATING RESULTS (Unaudited)	Quarter ended 31.03.87	Quarter ended 31.12.86	Nine months ended 31.03.87
Gold			
Ore milled – tons	1 777 000	1 701 000	5 134 000
Yield – grams per ton	3,9	4,1	4,0
Kilograms produced	6 930	6 974	20 528
Revenue – per ton milled	R107,23	R120,52	R116,01
Working cost – per ton milled	R57,90	R56,12	R56,21
Profit – per ton milled	R49,33	R64,40	R59,80
Uranium			
Tons treated	830 000	825 000	2 450 000
Yield – kilograms per ton	0,17	0,20	0,18
Kilograms produced	142 614	161 476	442 142
FINANCIAL RESULTS (R000) (Unaudited)			
Revenue from gold	190 548	205 009	595 591
Working costs	102 884	95 460	288 592
Profit from gold	87 664	109 549	306 999
Profit from uranium	4 604	5 942	18 980
Net sundry revenue	3 624	3 012	9 450
Sale of right to mine (see note 3)	20 875	—	20 875
Profit before tax and State's share	116 767	118 503	356 304
Tax and State's share	17 610	19 316	71 730
Profit after tax and State's share	99 157	99 187	284 574
Capital expenditure	57 630	80 977	192 059
Dividends declared	—	45 852	45 852

Notes:

1. Gold price received: Rand per kg	27 196	29 448	28 922

2. Tax for the year to date has been calculated on the basis of the actual results to date and an estimate for the remainder of the current financial year.
3. This is in respect of a sale to a third party of the right to mine on a portion of the old Randfontein Section announced in the last annual report.

GOLD PRODUCTION

Mill throughput increased by 76 000 tons in relation to the previous quarter and included 298 000 tons (152 000 tons) from surface sources. Ore milled from underground sources decreased by 61 000 tons.

Labour unrest and absenteeism were responsible for the decline in underground production during this quarter and this, together with the greater tonnage of lower-grade surface material, caused the overall yield to decline from 4,1 to 3,9 grams per ton.

SHAFTS

Cooke No. 3A Ventilation Shaft

The shaft has reached its final depth of 926 metres (806,5 metres) below surface and is expected to be commissioned before the end of June 1987.

Doornkop Shafts

The sinking of the No. 1 Shaft has been completed to a depth of 1 197 metres (1 185 metres) below surface. The pipe column installation is progressing according to plan.

Development work via the No. 1 Ventilation Shaft is progressing according to plan.

CAPITAL EXPENDITURE (R000)	Quarter ended 31.03.87	Quarter ended 31.12.86	Nine months ended 31.03.87
Net expenditure: mining assets	55 960	79 821	189 299
: other assets	1 670	1 156	2 760
Capital commitments at end of period	76 118	96 505	76 118
LONG-TERM LOANS (R000)			
Balance at end of period	50 597	58 493	50 597
Interest paid during the period	171	221	652
Repayments due within one year	10 901	12 923	10 901

CONSUMER LOAN

The consumer loan has been converted to SA currency at the rate ruling at 31.03.87 which was R1 = $0,4940 (R1 = $0,4460 at 31.12.86). The long-term loan balance as well as the current portion of this loan are expressed net of the future tax effect of losses resulting from exchange differences.

On behalf of the Board
K. W. MAXWELL
F. J. P. ROUX *Directors*

Western Areas

Western Areas Gold Mining Company Limited
Registration Number 59/03209/06
Issued capital: R40 306 950
(Divided into 40 306 950 shares of R1 each)

OPERATING RESULTS (Unaudited)	Quarter ended 31.03.87	Quarter ended 31.12.86	Nine months ended 31.03.87
Gold			
Ore milled – tons	964 000	1 028 000	2 938 000
Yield – grams per ton	3,7	4,0	3,9
Kilograms produced	3 567	4 112	11 463
Revenue – per ton milled	R96,99	R113,16	R106,18
Working cost – per ton milled	R97,67	R91,72	R94,82
Profit – per ton milled	R(0,68)	R21,44	R11,36
Uranium			
Tons treated	149 000	172 000	485 000
Yield – kilograms per ton	0,39	0,35	0,38
Kilograms produced	57 517	60 431	185 999
FINANCIAL RESULTS (R000) (Unaudited)			
Revenue from gold	93 498	116 331	311 964
Working costs	94 154	94 294	278 882
Profit from gold	(656)	22 037	33 082
Profit from uranium	4 795	4 330	13 860
Net sundry revenue	1 911	1 666	5 624
Profit before tax and State's share	6 050	28 033	52 566
Tax and State's share	(963)	(1 464)	5 383
Profit after tax and State's share	7 013	29 497	47 183
Capital expenditure	8 280	18 004	49 612
Dividends declared	—	8 449	8 449

Notes:

1. Gold price received: Rand per kg	25 841	27 960	26 948

2. Revenue from gold and the reported gold price take account of gold and currency forward transactions.
3. Tax for the year to date has been calculated on the basis of a tax rate that was derived by using the actual results to date and an estimate for the remainder of the current financial period.

GOLD PRODUCTION

Mill throughput from underground fell by 111 000 tons relative to the previous quarter but was supplemented by 61 000 tons (14 000 tons) from surface sources. The lower production from underground was attributable to labour unrest and absenteeism. The grade of ore mined was less than for the previous quarter and this together with the lower-grade input from surface reduced the overall yield to 3,7 grams per ton (4,0 grams per ton).

It is anticipated that the grade of ore from underground will improve during the current quarter.

WATER CONTROL PROJECT

Dewatering of the Gemsbokfontein Dolomitic Compartment is progressing according to plan. The area to be de-watered appears to be somewhat smaller than orginally indicated.

CAPITAL EXPENDITURE (R000)	Quarter ended 31.03.87	Quarter ended 31.12.86	Nine months ended 31.03.87
Net expenditure: mining assets	7 218	18 268	48 070
other assets	1 062	(264)	1 542
Capital commitments at end of period	9 568	8 119	9 568

Capital expenditure for the year is still expected to total approximately R80 million. Equipment to the value of R20 million, included in this total, will be held under lease financing arrangements until the company is in a position to fund the acquisitions from its own resources.

LONG-TERM LOANS (R000)	Quarter ended 31.03.87	Quarter ended 31.12.86	Nine months ended 31.03.87
Balance at end of period	19 375	20 000	19 375
Interest paid during the period	—	—	—
Repayments due within one year	2 500	2 500	2 500

FORWARD CONTRACTS

The company has entered into forward contracts in respect of a portion of its gold production in order to stabilise revenue and thereby reduce the company's vulnerability to operating losses. The company has also entered into currency forward contracts in respect of a corresponding portion of its expected gold revenue.

On behalf of the Board
K. W. MAXWELL
F. J. P. ROUX *Directors*

H. J. Joel

H. J. Joel Gold Mining Company Limited
Registration Number 05/01985/06
Issued capital: R709 283,67
(Divided into 70 928 367 shares of one cent each)

OPERATING RESULTS (Unaudited)	Quarter ended 31.03.87 R000	Quarter ended 31.12.86 R000	Nine months ended 31.03.87 R000
Expenditure on capital account	41 799	47 491	111 805
Net sundry revenue	4 125	4 893	13 550

SHAFTS

No. 3 and No. 4 Shafts have reached depths of 798 metres and 746 metres respectively (712 and 741 metres) and shaft lining has been completed to 779 metres and 745 metres respectively (696 and 726 metres) below collar.

Pre-cementation of the No. 1 and No. 2 Shafts area is proceeding.

DEVELOPMENT

Development on 60 Level using the mid-shaft loading facilities advanced by 237 metres (153 metres) during the quarter. In view of the existence of water in the area and pending commissioning of adequate pumping facilities on 70 Level later this year, ultra-precautionary measures are being taken in respect of cover drilling and cementation ahead of development. This is reducing the average rate of advance in the main crosscut on 60 Level which is now expected to intersect reef in July 1987 and not at the end of April as previously indicated.

On 70 Level, some 300 metres of station cutting and development in preparation for mid-shaft loading were achieved.

TREATMENT PLANT AND SURFACE INFRASTRUCTURE

Construction of the 60 000 ton-per-month gold treatment plant continues as planned.

HOUSING

Twenty-four of the units for black accommodation on the mine have been completed. Each unit houses sixteen people in rooms with one or two beds and there is a lounge in every unit. Thirty-one houses in Virginia have also been completed.

On behalf of the Board
K. W. MAXWELL
F. J. P. ROUX *Directors*

Elsburg

Elsburg Gold Mining Company Limited
Registration Number 65/10725/06
Issued capital: R30 203 000
(Divided into 30 203 000 shares of R1 each)

Shareholders are advised to study the operating results published by Western Areas Gold Mining Company Limited.

On behalf of the Board
K. W. MAXWELL
F. J. P. ROUX *Directors*

Copies of these reports and development and sampling results for Randfontein Estates and Western Areas are available on request from the offices of:
Barnato Brothers Limited
99 Bishopsgate, London EC2M 3XE, England

14 April 1987

UK NEWS

Peter Marsh examines closer links forged between universities and industry

Business lesson for academics

PROFESSOR Mike Brady knows that, among Britain's academics, he is extremely fortunate. Eighteen months ago, after seven years at the Massachusetts Institute of Technology, Prof Brady returned to Britain to set up a robotics laboratory at Oxford University.

Since then, Prof Brady has built up a staff of 22, with a third of his £200,000 annual budget contributed from companies such as British Aerospace, General Electric Company, Thorn and British Telecom.

Prof Brady, who found the prospect of the Oxford post such a challenge that he resisted $100,000 a year job offers in the US, said he has been "pleasantly surprised" at the ease with which he has raised money from industry.

He believes that he might have had a different reception had he tried to set up a research group in a subject with less immediate relevance to companies. He sympathises with scientific colleagues in areas such as medicine who, given the tightness of funds for work in their disciplines, have been lobbying the Government for a big increase in the science budget.

This cash, spent by the five research councils, of which the Science and Engineering Research Council is the biggest, this year comes to £690m. About a third of the money directly funds work in universities, with the rest spent on areas such as support of the council's own research institutes.

A common exhortation from government ministers is that universities should do more to raise funds from industry. Out of the total income of Britain's 45 or so universities of £2.3bn a year, industry puts up only about £100m, a sum which includes spending on research contracts and training courses.

In Britain, academic researchers are in general more reluctant to involve themselves with companies than their counterparts in other countries such as West Germany and the US. Attitudes are, however, changing partly as a result of cuts in state financing of universities which have forced them to look to industry for cash.

Prof Brady: raised cash with ease

Another push has come from government programmes, such as the Alvey project in information technology, which involve collaboration between researchers in industry and educational establishments.

Mr Kenneth Baker, the Education Secretary, said he was not unsympathetic to scientists' calls for more money. But he disagreed with the common complaint from academics that Britain is slipping down the world league table in pure research. "It is too easy for scientists to say this," Mr Baker said.

Many universities would do well to emulate those institutions which had struck up strong links with industry. Mr Baker singled out in this respect Salford University, Aston University and the Cranfield Institute of Technology.

Of these places, Salford has shown a particularly strong commercial approach. To some degree, this was forced on it after cuts in 1981 from the University Grants Committee, the government body on which universities rely for most of their money.

Salford made rapid efforts to make up the shortfall by attracting cash from the commercial world. In 1984-85, it gained 12 per cent of its income from industry, the highest figure among UK academic institutions.

Prof John Ashworth, the university's vice-chancellor, said he would not advocate that all universities followed Salford's approach. Other institutions should concentrate on purely academic research. "Salford has shown that winning Nobel prizes is not the be-all-and-end-all (of university research). Technology transfer is an equally legitimate activity."

Some observers say the performance of bodies such as Salford could be used, unfairly, to push more universities away from long-term academic research. "I don't like the inference that if Salford can do it (raise money from industry), then why not subject universities to more cuts to make them more commercial," said Mr David Storey, a research associate at the Centre for Urban and Regional Development Studies at Newcastle University.

There is some support for the view that research standards are likely to slip if academic institutes become too dependent on industry. Prof Derek Smith, chairman of Fire Materials, a company in which Queen Mary College, part of London University, has a 30 per cent stake, said that he would not like to see a "Gadarene rush" by universities to go all-out to raise money from commercial bodies.

Other people think that universities have received too much criticism for the traditionally poor rapport between the academic and commercial worlds. As much of the blame should go to companies which "often do not want to know" when it comes to discussing collaboration, according to Sir Edward Parkes, vice-chancellor of Leeds University and a former chairman of the University Grants Committee.

For their part, many representatives of companies point out that they should not be expected to compensate for shortfalls in cash for pure research which, they say, should be provided predominantly by the Government.

Mr Donald Braben, director of BP's venture unit, which funds pure research at universities to the tune of about £2m a year, said the main role of academics was to "look at the world in a new way" rather than do short-term research for industry.

Universities themselves have set up a range of mechanisms for improving their ties with industry. Sheffield University, for example, has an Institute of Information Technology to channel ideas to small, predominantly local companies.

Several universities, including Salford, have their own companies which do research for industry and attempt to commercialise researchers' ideas, perhaps by ventures with existing concerns. When academic staff at Salford do consulting work for industry, they are encouraged to arrange deals via the university company.

Government job scheme extended

By Alan Pike

THE GOVERNMENT'S Job Training Scheme (JTS), which has received mixed reactions since its launch last autumn as a pilot project, was extended nationally yesterday.

Critics have accused the Government of devising the scheme largely as a method of moving large numbers of people off the unemployment register before the general election.

But Lord Young, Employment Secretary, said yesterday that the scheme would offer the long-term unemployed more, and better training opportunities than in any other country.

He said: "My first priority is to ensure that the quality of the training in JTS is of the highest standard, and will really give people unemployed for many months the edge they need to win a job."

Those participating will receive allowances broadly similar to benefit payments, which has led to claims that JTS could be the first step towards compulsory training for the long-term unemployed.

Lord Young, however, said the scheme appeared to be popular with young long-term unemployed.

Price-fixing cartel under scrutiny

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE Office of Fair Trading (OFT) is giving serious consideration to the activities of a secret price-fixing cartel among North Sea supply boat operators.

The OFT said yesterday that officials had noted details of the agreement reported in the Financial Times, and were "following it through."

This is the first stage of a process which could lead to a formal investigation under the powers given to the OFT to enforce competition legislation.

The price-fixing agreement was operated by a group of British companies for eight months from July last year in an attempt to boost charter rates for offshore supply boats in the UK sector of the North Sea.

Charter rates have come under sustained downward pressure because of a reduction in exploration activity by oil companies following the fall in the price of oil last year.

The aim of the cartel was to sustain rates in the spot, or short-term, market above £2,300 a day, regarded as the minimum economic level.

The agreement was wound up in February, however, when details of the collective rate it was offering became known to competitors.

Rates have since declined steadily, and are now believed to be below £1,000 a day, on average. Fewer than half the total UK sector fleet of 173 vessels are believed to be in secure employment.

An executive of one company involved in the cartel said yesterday that none of the participants had made profits from the agreement, which had operated permanently at below break-even levels.

The cartel was referred to by the participants as the Coffee Club because its meetings took place under the guise of coffee mornings. It was also known as the Coffin Club, because its members believed their business was being killed off.

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UK NEWS

British Telecom widens radiopaging services

BY TERRY DODSWORTH

A NEW DEVICE that enables radiopaging customers to dial into a central voicebank and gain access to pre-recorded messages was launched yesterday by British Telecom Mobile Communications (BTMC), the UK's leading radiopaging company.

The system, called Messagelink, automatically pages a user when a telephone call is received. If the user is unavailable, it will store the message for retrieval from anywhere in the world, 24 hours a day.

BTMC announced the new service yesterday as part of a package aimed at stimulating the radiopaging market by reduced tariffs, simpler zoning arrangements and an additional automatic method of sending messages.

Prices will be cut by a new tariff structure relating to additional zoning arrangements which will allow customers to choose from a set of six regional areas rather than selecting from the existing 40 smaller radiopaging zones. Rates in the six regional areas are being offered at a discount to tariffs under the existing structure.

In addition, a reduced monthly rental scheme is being introduced to bring down prices for long-term users, and provide an incentive to take out longer agreements. Monthly rentals will be cut by up to 36 per cent – to £7 a month for the cheapest pager – in return for a higher initial payment, which would be recouped if the paging service was maintained for more than two years.

BTMC's drive to stimulate the UK radiopaging market comes at a time when sales are already expanding rapidly. The company claims to run the largest service in the world, with 370,000 users, and offers the only network with national coverage in the UK. Its user base is expanding at a rate of between 20 per cent and 30 per cent a year.

Mr John Carrington, BTMC's director, said yesterday that the group should have enough capacity on its transmission frequencies to last it to the end of the decade at current rates of growth. However, the company is continuing discussions with the Department of Trade and Industry on the possible release of additional frequencies to cope with potential capacity shortages.

Britain suffers cutting tools deficit

FINANCIAL TIMES REPORTER

BRITAIN became a net importer of cutting tools last year, with a trade deficit of £6m compared with a £5m suplus in 1985.

The federation of British Engineers' Tool Manufacturers said that in a "stressful year" for the industry there had been no upturn in domestic demand, with exports showing a significant decline.

Mr Ian Runciman, the outgoing president of the federation appealed for Britain to join the European Monetary System. Last year, he said, "the volatility of exchange rates made it very difficult for a planned assult on export markets with a long-term presence in mind."

Sales of engineers' cutting tools by UK manufacturers in the 12 months to September 1986 were up 6 per cent at £207m. In the first nine months of 1986 imports took 44.4 per cent of the UK market, compared with 46.5 per cent a year before, while exports fell from 48 to 42.2 per cent.

Quarter of workers to escape tax net in Manx budget

BY IAN HAMILTON FAZEY

THE Isle of Man, buoyed by an estimated 10 per cent rise in gross domestic product, is keeping its only rate of income tax at 20p in the pound and increasing allowances so that a quarter of the working population will pay no tax.

In the first budget since November's election of a new Tynwald – the island's parliament – Mr David Cannan, the new Finance Minister, yesterday moved fiscal policy decisively to the right, declaring a strong belief in sound money and an enterprise culture.

Although tempted to respond to the UK's basic rate cut, Mr Cannan decided that lowering the island's 20p rate would benefit local spending power less than raising allowances.

He believes that higher thresholds will put more money in the pockets of people who will stimulate the local economy by spending it, whereas well-off people gaining from a cut in the standard rate would not necessarily spend more on the island.

In any event, people with a taxable income exceeding £41,200 a year still pay tax at 60 per cent in the UK, compared with 20 per cent on the island. Mr Cannan said: "It is people within this group we are attracting to live here."

Unemployment on the island stands at 7 per cent and is falling. Expansion of jobs has been rapid in the financial services sector after strict regulatory machinery was introduced to give the Isle of Man respectability as an offshore financial centre.

The budget also increases from £250 to £450 the annual fee to register a non-resident company on the island. Mr Cannan said this would help ensure that only "respectable" businesses were involved, while still being £50 more competitive than the fee in the Channel Islands. There were 4,000 new registrations last year.

The reserve fund, which fell to less than £2m during the 1980-1981 recession, is at £20m. Mr Cannan plans to build it to £50m to act as a cushion guaranteeing independence. This might be needed should the island abrogate its customs agreement with the UK, which would enable it to go duty free to boost tourism, as well as to set its own VAT rates.

To get the budget into surplus, the island has cut its capital spending plans, claiming that public projects should wait since the construction industry is already pressed to meet private sector orders for offices.

Bank cards 'too easily available to young'

BY DAVID CHURCHILL

THE National Consumer Council (NCC) has strongly criticised banks for making cheque books and bank cards too freely available to teenagers.

The criticism comes in the wake of growing concern about the ease of obtaining credit from banks and financial institutions.

This recently led the Office of Fair Trading (OFT) to set up a review of credit lending practices and Sir Gordon Borrie, director general of fair trading, to criticise the availability of credit cards as being given away "like sweeties."

The NCC's criticism of the clearing banks comes in the latest issue of its journal, Consumer Voice. Ms Janet Graham, the NCC's vice-chairman, says that "a bank card is the most dangerous status symbol of all."

She suggests that some bank managers are too willing to open banking accounts for teenage children of recognised customers. "The only preliminary seems to be a homily on the danger of getting into debt and a threat that, if this happens, the card will be removed," Ms Graham adds.

However, she points out that this step is rarely taken and overdrafts are frequently not queried.

"If this happens, taking the waiting out of wanting can result in a spiral of debt which becomes difficult to resolve," she says.

The OFT's review of credit practices, which is likely to be completed early next year, is expected to include recommendations for a national credit register to be set up to give lenders more information about individuals' ability to repay credit.

NOTICE OF REDEMPTION

NICOR Overseas Finance N.V.

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Due May 1, 1995

NOTICE IS HEREBY GIVEN that pursuant to the terms of the Indenture dated as of May 1, 1980, as supplemented, among NICOR Overseas Finance N.V. (the "Company"), *NICOR Inc. (the "Guarantor") and Irving Trust Company (the "Successor Trustee")*, the Company has elected to redeem and will redeem on May 1, 1987 (the "Redemption Date") all of its outstanding 10¾% Convertible Subordinated Debentures due May 1, 1995 at 102.50% of their principal amount (the "Redemption Price"). Interest will be paid on May 1, 1987 in the usual manner.

The Debentures may be surrendered for payment with all coupons maturing after the Redemption Date at the offices of one of the Paying Agents listed below:

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b. Continental Bank, 30 North LaSalle Street, Chicago, IL 60697, Attention: Corporate Trust Operations, 16th Floor
c. Continental Bank S. A., 227 Rue de la Loi, 1040 Brussels, Belgium
d. Continental Bank/Branch, 162 Queen Victoria Street, London EC4V4BS, England
e. Continental Bank/Branch, 10 Avenue Montaigne, 75008 Paris, France
f. Continental Bank/Branch, Bockenheimer Landstrasse 24, 6000 Frankfurt/Main, West Germany, Federal Republic of Germany
g. State Street Bank (Switzerland), Bahnhofstrasse 18, P.O. Box 5053, CH8022, Zurich, Switzerland
h. Banque International a Luxembourg S.A., 2 Boulevard Royale, Luxembourg, Luxembourg

NO INTEREST WILL ACCRUE ON THE DEBENTURES ON AND AFTER THE REDEMPTION DATE, AND THE COUPONS FOR SUCH INTEREST SHALL BE VOID.

The Debentures are presently convertible into Common Stock of the Guarantor at the rate of 27.397 shares of Common Stock for each $1,000 principal amount of the Debentures. The right to convert Debentures into Common Stock will expire at the close of business on *April 27, 1987 and after that date no further* conversions of the Debentures will be made. Accrued and unpaid interest will not be paid on Debentures which are converted.

Debentures may be surrendered for conversion, together with all unmatured coupons appertaining thereto, at the offices of one of the Paying Agents listed above, together with a written notice of election executed by the holder that the holder elects to convert such Debentures in accordance with the provisions of Article Eleven of the Indenture and specifying the name(s) in which the shares of Common Stock deliverable upon such conversion shall be registered, with the address(es) of the person(s) so named.

Dated: March 27, 1987 NICOR Overseas Finance N.V.

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FT LAW REPORTS

Father succeeds with school fees tax plan

SHERDLEY v SHERDLEY

House of Lords (Lord Bridge of Harwich, Lord Elwyn-Jones, Lord Brandon of Oakbrook, Lord Brightman and Lord Ackner): April 8 1987

A DIVORCED parent with custody and control of his children may obtain a court order against himself to pay school fees direct to the school, though the sole reason for his seeking the order is to obtain a tax advantage.

The House of Lords so held when allowing an appeal by a father, Mr Ian Sherdley, from a Court of Appeal decision (*[1986] 2 FTLR 172*) that he could not obtain orders against himself for the payment of school fees.

LORD BRANDON said that Mr Sherdley, on the dissolution of his marriage, was granted custody, care and control of his three children. They lived with him and attended fee-paying schools.

In May 1985 Mr Sherdley applied in the Family Division for an order against himself for the payment by him of the children's school fees direct to the schools as their agents. The application was dismissed by Mr Justice Wood and Mr Sherdley's appeal was dismissed by the Court of Appeal. He now appealed.

His sole purpose in applying for the order was to obtain two separate tax advantages. The first was the right to deduct from his gross income the grossed-up amount of the payments less tax; the second was the ability to recover on behalf of the children part of the tax deducted by him in making the payments.

In *Stevens v Tirard [1940] 1 KB 204* it was held that payments made to the mother for maintenance and education of her children were part of her income. In *Yates v Starkey [1951] Ch 465* it was held that payments made to the mother on trust for the children were deemed to be the father's income.

By 1953 the High Court had begun to order payments to be made direct to the children. The object was to make them the children's income, while avoiding a settlement as in *Yates v Starkey*. Orders for payment direct to children became a regular practice because of the tax advantages involved.

On November 10 1980 the Senior Registrar of the Family Division issued *Practice Direction (Minor: School Fees) [1980] 1 WLR 1441*, with the concurrence of the Lord Chancellor.

It stated that where a maintenance order included an element in respect of school fees, the Inland Revenue had agreed that tax relief would be given on that element.

It was a condition of such an order being acceptable for tax purposes that the contract for the child's education should be between the child and the school and that the fees were received by the "officer of the school" as the appointed agent for the child.

On June 16 1983 *Practice Direction (Minor: Payment of School Fees) [1983] 1 WLR 800* was issued, again with the concurrence of the Lord Chancellor. It provided for automatic adjustment of the maintenance order when the school fees increased.

It stated that the revenue had agreed that tax relief would be given on the adjusted element on condition that it was paid to the headmaster, purser or school secretary as agent for the child.

Both those practice directions proceeded on the basis that the father, who was under order to make periodical payments direct to the child, would be furnishing tax deduction certificates to the mother having care and control.

On the face of it, therefore, neither practice direction appeared to be intended to apply where the father had care and control, so that if he were to furnish tax deduction certificates to anyone it would presumably be to himself.

Mr Justice Wood held that he had power to make the order, but decided not to do so because it had been the policy of the Family Division for at least eight or 10 years not to make such orders.

The Court of Appeal dealt with three main questions. The first was whether the court had jurisdiction to make the order sought. The second was whether it was right to make the order in the absence of an issue between the father and any other party. The third was whether it was right to make the order when the sole purpose was to obtain tax advantages.

With regard to the first question the Court of Appeal unanimously considered that there was jurisdiction to make the order under section 23(1)(d) of the Matrimonial Causes Act 1973 [which provided that on dissolution of a marriage the court could order periodical payments to be made for the benefit of a child].

With regard to the second question Sir John Donaldson MR and Lord Justice Neill considered that the absence of any issue did not make it wrong for the order to be made. Lord Justice Balcombe was of a contrary opinion.

With regard to the third question Sir John Donaldson MR and Lord Justice Neill considered that because the sole purpose of making the order was to obtain a tax advantage, it would be wrong to make the order. They thought the principles in *Ramsay [1982] AC 300* and *Furniss [1984] AC 474* applied.

Sir John Donaldson expressed the view that an order in the form recommended in the first practice direction would be a sham and should be refused.

If the Court of Appeal's decision were right the law practised a strange form of fiscal discrimination in the way in which it treated two different but comparable situations arising out of the breakdown of a marriage.

If the children lived with the mother she could apply for an order against the father requiring him to make periodical payments which might or might not include an element for school fees, direct to the children. The court in accordance with practice would make such an order as a matter of course.

The sole reason why the court would make the order in that form was to enable the two tax advantages referred to earlier to be obtained. The obtaining of those two tax advantages was greatly for the benefit of the children in that they increased the amount of income available for their maintenance and education.

If on the other hand the children lived with the father, if the Court of Appeal's decision were right, the order might not be made, with the result that the children were denied a similar benefit.

The court did have jurisdiction under section 23(1)(d) of the 1973 Act to make the order. Also, the absence of any issue between the father and any other party was not in itself an obstacle to the exercise of that jurisdiction — when the court was dealing with financial provision for children there was always an issue as to what was the right and proper provision to be made.

However, the view that it would be wrong for the court to make the orders because its sole purpose was to obtain tax advantages involved unjustifiable discrimination. The *Ramsay* and *Furniss* principles did not apply to the exercise by the court of its powers under section 23(1)(d).

There was force in Sir John Donaldson's critical comments on the artificiality of contracts entered into by young children with their schools. However, an order which contemplated such contracts was not a sham in the legal sense of the word. It was to be borne in mind that the practice directions were issued with the approval of the Inland Revenue and the Lord Chancellor, and had been acted on for many years to the great advantage of innumerable families.

As Lord Justice Balcombe said at the end of his judgement: "I agree that it might be preferable if some less artificial scheme could be devised. However, as the present scheme works satisfactorily . . . I would be reluctant to insist on its alteration."

Their Lordships agreed. The appeal was allowed.

For the father: Joseph Jackson QC and Valentine Le Grice (Pritchard Englefield & Tobin)

Amicus curiae: James Holman (Treasury Solicitor)

The mother took no part in the proceedings.

By Rachel Davies
Barrister

INTERNATIONAL COLLABORATION IN AEROSPACE
– Problems, Progress & Prospects
Paris 9 & 10 June, 1987

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CONTRACTS

Ransomes and Rapier wins £9m walking dragline order

RANSOMES AND RAPIER, Ipswich, has won a £9m order for a W2000 walking dragline from the Jordan Phosphate Mining Company, despite American competition.

The dragline will be used for extraction of phosphate—Jordan's biggest export. Manufacture will begin in the next few weeks and the dragline will begin to be exported to Jordan in early 1988.

Ransomes was assisted by a government soft loan—the first for Jordan. Mr Alan Clark, Trade Minister, said: "This contract is the result of close collaboration between the company and my department's projects and export policy division, the overseas development administration, and the export credits guarantee department."

The order follows the success of a similar Ransomes machine supplied to the Jordanian company six years ago, and which the Prime Minister operated during her visit to Jordan in September 1985.

J. Henry Schroder Wagg and Co were the company's bankers for the project. The soft loan, under the Aid and Trade Provision (ATP), is at the rate of 3.5 per cent over 15 years including five years grace period, and is being lead managed by Schroders. ATP is a sum of money (£90m in 1986-87) earmarked from the aid programme administered by the overseas development administration. It is used to support projects which are economically, developmentally and commercially sound and of commercial and industrial importance to the UK.

Ransomes & Rapier has also won an order from China worth £1.2m for a HPC-R1200 crane mounted on a mobile crane chassis. It is due to be in operation by May.

The crane, which has a 250 tonne lifting capacity and has a multi-functional loading and off-loading facility, is to work on a cargo terminal project in The People's Republic of China.

The seven-axle chassis, built by Italian company CVS has been delivered to Ransomes & Rapier's Waterside Works where the crane will be mounted on it, prior to testing.

*

JOHN WILLMOTT CONSTRUCTION has been awarded a contract worth about £815,000 for the Provident Mutual Life Association, Hitchin, for construction of a computer suite.

*

In a contract worth over £200,000, **BOLTON BRADY**, is to supply aluminium rolling shutters, fire resisting contour and rolling shutters, and a specially designed smoke-control shutter for a £30m development in Bolton Town Centre known as the Market Place.

*

POCHIN'S Middlewich, Cheshire, has been awarded contracts worth more than £2m. They include a £574,000 production unit for V. G. Quadropoles on the group's Middlewich Motorway estate and a £580,000 extension to warehouse and production facilities for Pendy Plastic Products on the Deeside Industrial Estate in North Wales. Pochin has designed a £500,000 utilities building for the Clayton Aniline Company in Manchester; a £270,000 factory and office block for Zeta Communications at Gresford; and an advanced factory unit for Wrexham Borough Council in Wales.

*

FAIRCLOUGH CIVIL ENGINEERING has been awarded a contract for remedial works to the Ebbw Fawr river culvert, southern section, which forms the initial phase of major reclamation work preparing for the 1992 National Garden Festival. The contract, funded by the Welsh Development Agency and worth £1.6m, is being carried out for Blaenau Gwent Borough Council. The work involves demolition of the culvert invert and construction of an in situ concrete invert entailing diversion of flows in the Ebbw Fawr.

*

British airship advertising in Japan

With the assistance of Nissho Iwai, its Japanese agent, **AIRSHIP INDUSTRIES** has signed a deal worth £6m with a major Japanese advertising agency, for a 12 month lease with a 12 month renewal option.

This requires assembly and operation in Japan of the latest 600 class airship equipped with the recently-developed nightsign. The signs, an advertising first, measuring almost 1,000 sq ft, are mounted on both sides of the airship.

The pixels, or light-emitting diodes, are capable of a range of 1,600 colour shades and a change rate of 25 frames per second, effectively creating huge television screens. The picture is generated totally on board through a computer system which will accept VHS video tapes, live TV camera pictures, or a keyboard caption generator for up-to-the minute messages.

Airship Industries says the flexibility of the sign and its total world exclusivity was recognised by the client as a chance to secure an advertising opportunity which leaves all previous airborne advertising systems far behind, and is predicted to be a great hit in Japan where high profile advertising is in great demand.

The company has been developing the sign for almost four years and are now satisfied that it has created a means of greatly enhancing the airship's advertising abilities. The identity of the agent and client remains undisclosed. The contract commences no later than October 1.

*

A £2m scheme to streamline production with a high-technology tunnel kiln system has been launched by Red Bank Manufacturing Company. The computerised gas-fired tunnel kiln is being built at the Measham works in Leicestershire. The tunnel kiln — to be built in special masonry and measuring 124 metres long, 30 metres wide and 10 metres high — features advanced computerised programmes making it capable of operating continuously to produce a varied range of over 4,500 different items. Red Bank has signed contracts with Paris-based kiln specialist **CERIC** and civil engineering contractor **G. PERCY TRENTHAM** of Stoke-on-Trent. Construction is due to be completed in around nine months with full production expected in April, 1988.

*

UBM Motors, a member of the **NORCROS GROUP** and one of West Country's biggest Ford main dealers, by diversifying into selling mini-buses has netted two orders worth a total of £2m.

Following de-regulation of bus undertakings, the Devon General Bus Co, has ordered 82 Ford Transit mini-buses. With servicing, parts and spares the contract with worth £1m. Wellhill Self-Drive of South Wales has taken delivery of 85 Ford Transit mini-buses and 15 heavy vehicles, an order worth £1m.

UBM Fleetdrive has also signed a contract with the Winchester-based Wessex Area Health Authority which could net it £5m worth of business over the next three years. The Authority has a fleet of 1,200 cars and 250 other vehicles. Under the contract, UBM Fleetdrive will supply the health authority with 50 per cent of its car fleet and all of its commercial vehicles.

*

Danish Navy orders Racal systems

Two companies in the **RACAL** radar defence group, Racal Avionics and Racal Radar Defence Systems, have won contracts to supply a Tactical Data System (TDS) and Electronic Support Measures (ESM) equipment for Lynx helicopters of the Royal Danish Navy. Worth £4m this is the first export order for a TDS, supplied by Racal Avionics, fully-integrated with Kestrel, an advanced ESM equipment from Racal Radar Defence Systems.

These systems will allow more sophisticated sensors and equipment to be fitted to future in-service Lynx, making it one of the most advanced and effective naval helicopters in Europe. The system was conceived by Racal Avionics to integrate the many complex control and display functions of airborne systems into one compact package, reducing cockpit workload. A powerful processor and user-friendly operating procedures replace much of the manual intervention required to operate the wide range of avionics fitted to modern aircraft.

It provides the aircrew with a unique capability coupled with minimum crew workload since many of the operator functions are carried out within the TDS. In its intelligence gathering role, Kestrel provides detailed data on the radar environment which may be recorded for subsequent post-mission analysis.

*

G M Health Care has awarded a £2m contract for the refurbishment of the Esperance Private Hospital, Hartington Place, Eastbourne, to **WALTER LLEWELLYN & SONS**. Work has started with completion programmed for April 1988. The refurbishment will provide 52 beds, two high-dependency wards and two new operating theatres. The out-patients department will include X-ray, health screening centre, physiotherapy and consulting rooms. The general modernisation will include kitchens, heating, electrical installation, nurse call system, redecoration and improved parking.

RANKS HOVIS McDOUGALL PLC.
Offers for AVANA GROUP plc.

PER AVANA SHARE

Value of RHM Increased Cash Alternative..... 800p

Avana's current share price 791p

Avana share price prior to the announcement of RHM's Offers 463p

The final closing date for the Increased Offer is 1.00p.m. on Friday, 17th April, 1987, Good Friday.

1. This advertisement is published by Morgan Grenfell & Co. Limited on behalf of Ranks Hovis McDougall PLC ("RHM"). The Directors of RHM are the persons responsible for the information contained in this advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts. The Directors of RHM accept responsibility accordingly.
2. Avana's current share price is the middle market quotation for an Avana ordinary share at 5.00 p.m. on 14th April, 1987 as derived from The Stock Exchange Topic Screen. Avana's ordinary share price prior to the announcement of the Offer is the middle market price for an Avana ordinary share as derived from The Stock Exchange Daily Official List for 5th February, 1987.
3. The Increased Offer is final, will not be increased and will remain open for acceptance until 1.00 p.m. on Friday, 17th April, 1987 unless it is then unconditional, in which case it will remain open for not less than a further 14 days, except that RHM reserves the right to increase and/or extend the Increased Offer should a competitive situation arise or should the Panel on Take-overs and Mergers so agree.

RHM
RANKS HOVIS McDOUGALL PLC

MANAGEMENT

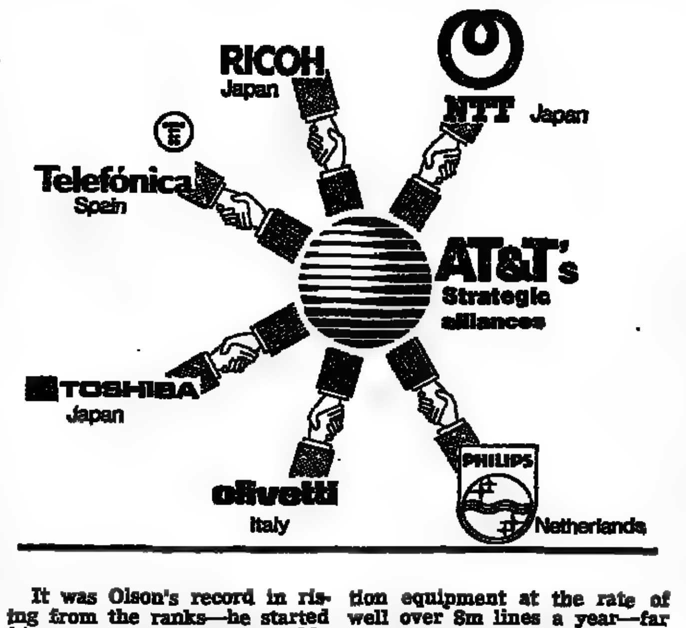
American Telephone & Telegraph

The going gets tougher

Terry Dodsworth reports on the US telecommunications group's search for new markets

THERE WAS a time a few years ago when running American Telephone and Telegraph, the world's largest telecommunications group, was the *private sector equivalent of* administering an exceptionally well - organised Government department. Dominant in its market, imbued with the ideals of public service, highly regarded and extremely wealthy. AT&T operated with the assurance of an unchallenged monopoly which knew instinctively what was good for its clientele. By the time a new chairman arrived at the top, he could pull the right levers in his sleep.

Those days have now gone for ever. Three years after the break-up of the Bell telephone system, the historic reorganisation which *split AT&T away* from its seven regional Bell operating businesses, the group is undergoing one of the most painful cultural changes any company *has ever had to face.*



James Olson, chairman for the past seven months, is having to learn how to manipulate the controls in a market infested with the sort of competition which the old AT&T monopoly hardly knew existed.

Olson has been faced with a battery *of tough decisions.* Within three months of taking over, he announced a swingeing redundancy plan, cutting out 27,400 jobs at one swipe. *At the same time, he decided* that his first year as chairman would be marked by equally sweeping write-offs—$3.2bn—that knocked earnings back to a *paltry $139m (on sales of* $34bn) in 1986.

He had to admit that the company's computer business in the US was not going well, and turned to an Italian from Olivetti, Vittorio Cassoni, to run it. Overseas, where AT&T had dreamed of the prospect of juicy new markets opening up before it, he has been embroiled in the bitter wrangle over the bid for CGCT, the French switching manufacturer which is the subject of alternative offers from Siemens of West Germany and Ericsson of Sweden.

"It has been a wrenching experience, particularly the job cuts," he says. "I came up from the bottom of the company—the very bottom—and I understand what happens to families when you make decisions like this."

It was Olson's record in rising from the ranks—he started his career at AT&T as a cable splicer's assistant in 1943—that led to his choice as chairman last year. Bluff and thickset, he is known as an operations man, willing to tackle difficult problems head-on. He has a wealth of experience in the minutiae of running the vast AT&T empire—albeit in many of the parts which have now been spun off—working his passage from the plains of North Dakota to headquarters in New York via a spell in the urban jungle of Chicago-based Illinois Bell and the company's Western Union manufacturing division.

Olson's initiatives since taking over the chairmanship have given extra zip to moves aimed at reinforcing AT&T's position in the businesses it knows best—its long-distance telephone network and its equipment manufacturing operations.

For the time being at least, he has scaled down the company's ambitions in the computer industry, where it once saw itself going into a head-on battle with IBM, the world's leading computer manufacturer. Investment in AT&T's long-distance fibre optic cable network is being pushed ahead, and the Western Union factories, which were beaten into production of large digital telephone exchanges by Northern Telecom of Canada, are now pumping out the new generation equipment at the rate of well over 8m lines a year—far more than any other manufacturer in the world.

"One of the things the Japanese have done better than us is to design their factories for efficient manufacturing," says Olson. "Now we are putting our full resources into the manufacturing organisation." Layers of management are being stripped away throughout Western Union in the effort to turn it into a more responsive, market-oriented business.

As AT&T has flexed its muscles, its US competitors have retreated. In the public vote organised to choose between AT&T and its rivals in the long-distance business, AT&T won hands down, capturing more than 80 per cent of the poll. Its two competitors, US Sprint and MCI, are struggling, the former heavily in loss, the latter (in which IBM has a 16 per cent stake) sinking into deficit last year. In the manufacturing field, there is widespread agreement that AT&T's 5ESS public switch measures favourably against the best of the competition. "It is superbly engineered," says a European competitor.

Olson's rugged style of management is already, apparently, beginning to make some impact on the group's financial results. Although he will not make forecasts for first quarter earnings, he says that he has been encouraged by the cost reductions achieved so far this year. Cash flow, he adds, is running strongly.

Yet the group's defensive reorganisation in its traditional *business still leaves open one* of the crucial questions posed for AT&T by the Bell system break up: how does it capture new growth markets? AT&T's post-divestment development strategy has been largely aimed at two areas—moving into the computer sector to offer computer customers integrated data and voice communications services both at home and overseas; and pushing into international equipment markets with its range of large public switches, business exchanges and transmission products.

Potentially, both of these areas promise big rewards. In the computer field, for example, the manipulation and transmission of data is becoming just as important as the more basic business of number crunching. In telecommunication equipment, a big replacement market is rapidly opening up all around the world with the shift from analogue to digital transmission methods.

In each of these businesses, however, the problems of changing managerial direction have become abundantly clear *over the last three years.* AT&T has found it difficult to adjust the habits developed as a public utility to the demands of the market place. "I liken the *situation to the one at British* Teelcom," says a UK electronics industry executive. "The top management may have become more alert to the *challenge of a competitive* business environment, but much of the company is still run by unreconstructed monopolistic bureaucrats."

Olson freely concedes the difficulties AT&T has encountered trying to break into new markets, although in the case of computers he appears to see this as deriving from a different underlying expertise rather than from an inappropriate culture. IBM, he says, has had similar problems to AT&T in trying to invade the communications business from its base in the computer industry: both companies are trying to move towards the point where their own technology merges with that of the other, and each is finding it similarly awkward to graft on the technology it did not have. "I think we both have a learning problem," says Olson.

James Olson: manipulating the controls in a competitive market

AT&T has now shifted its main thrust more emphatically towards systems integration—making machines talk to each other—rather than computer hardware itself, a move that plays to its strengths in transmission. The aim is to provide customers with networks on which *information,* voice communications and even video can be moved around freely within an organisation, on an international scale if necessary.

Overseas, AT&T probably has even more to learn. Superficially, it has had considerable exposure to foreign markets because it has had a leading role in the organisation of international communications. This experience, however, is not a great deal of use to it in the altogether more cut-throat world of selling equipment, either to private customers or the public telephone operating companies.

At the same time, AT&T is trying to break into markets which are already well supplied with alternatives, where other manufacturers have well-established marketing networks, and where, in many cases, the political pressures against doing business with a foreign supplier are intense. Unlike other high technology companies such as IBM or the big US semiconductor groups, it cannot turn to a cadre of battle-hardened executives who know the idiosyncracies of each overseas market.

The AT&T strategy for tackling this problem has been to work through alliances with local companies which know their markets. In the European telecommunications equipment business, for example, it has linked up with Philips, the Netherlands - based electronics manufacturer which is also the most pan-European group in the region. For office products it is working with Olivetti, the Italian company in which AT&T has a 25 per cent stake, and which also supplies the US group with its personal computer line for the US market. It has gone into European semiconductor manufacturing through a joint venture with Telefonica of Spain.

A similar constellation of alliances has also sprung up in Japan — a software agreement with NTT, the big Japanese telephone operating company, to increase copper wire transmission capacity, a joint venture with Ricoh on small telephone systems, and an agreement with Toshiba for the distribution of AT & T's private telephone exchanges.

IBM's social responsibility

The corporate and the common good

BY MICHAEL SKAPINKER

WHEN businessmen talk of social responsibility, sceptics start counting the *spoons,* Tony Cleaver, IBM (UK)'s chief executive, observed recently.

But corporate activities carried out under the umbrella of "social responsibility" represent nothing more than enlightened self-interest, he said. They are an important element of commercial *success.* As such, they should be managed as professionally as any other aspect of the business and their benefit to the company should be measured.

"Decisions on which production to sponsor or which charity to support should be demonstrably subject to predefined guidelines and not simply arbitrary or a response to the predilections of the chairman," he said in a lecture at the Royal Society of Arts.

Unlike the great 19th-century corporate philanthropists, company executives today have to justify the pursuit of social responsibility activities to their shareholders. "A William Morris, a Joseph Rowntree or an Andrew Carnegie had every right, as the owner/manager, to distribute all the funds generated by that business as he personally saw fit," he said. Today "chairmen or chief executives of public companies have no such right; we are, at the end of the day, employees, fully accountable for our actions to our shareholders."

The prime duty of company executives towards those shareholders is to ensure a reasonable return on their investment, he said. In the short term that means a satisfactory level of profit. But there are longer-term duties towards the shareholders, too. For example, failure to conduct the business legally could cause it "to be closed down or at the least cause results to be affected adversely by unfavourable publicity."

IBM's policy of not laying off workers should be seen in the same light, he said. "I have heard it suggested that IBM's share price would be boosted immediately if we were to abandon our practice of full employment — a practice which means that we do not use lay-offs or redundancies as a way of managing our business. Whether that would be the result, I have no idea. But given that we are convinced that the effect on the company in the long term would be detrimental, it is undoubtedly our responsibility to explain quite clearly *why we operate as we do and to* show that full employment, far from being a management weakness, is a proper investment in the future of the company," he said.

All social responsibility activities should be viewed in this way, he said. But how can the benefits they bring to the company be measured?

In some cases, the benefit to the company is fairly clear. One of IBM's senior secretaries, for example, was seconded to a project in South London to teach computer skills to those wishing to improve their employment prospects. Apart from her contribution to the community, her own skills developed to the point where she was able to rejoin the company as a training specialist.

Other community activities have less measurable effects. Sponsorship of a cultural event might get the company's name in the programme but it "does not have any direct and immediate business benefit. It may create some instant goodwill, but I doubt whether the opera-goer who needs a personal computer will make the automatic connection: 'IBM supported my favourite and much neglected opera, the Trojans, therefore I will buy an IBM PC'," Cleaver said.

Nevertheless, measurement of the result of such activities is not impossible. One of the methods used by IBM is an attitude survey commissioned from a specialist agency to find out how attitudes to the company are changing.

If more businesses carried out such surveys, Cleaver argued, "if they really thought through their own long-term interest, then there would actually be a significant increase in the contributions made by business to the community. And at a time when many believe that the arts are under-funded, when the general trend is towards privatisation and self-sufficiency, I believe that this would be entirely desirable."

PROJECT TRIDENT

THE TRIDENT TRUST ROBERT HYDE HOUSE
48 BRYANSTON SQUARE LONDON W1H 7LN
TELEPHONE 01-723 3281

Dear Chief Executive,

At Project Trident we are dedicated to bring about closer links between industry and education. Only in this way can we give the younger generation the best possible start in life, by encouraging pride in work, a strong sense of community responsibility and self-confidence.

Staffed by secondees from industry and by local education employees, Project Trident has three areas of involvement:—

Organising work experience schemes;
Encouraging participation in community projects;
Developing physical and intellectual qualities by providing opportunities for personal challenge.

Currently we operate from 40 centres in the United Kingdom and are helping over 50,000 young people a year.
Project Trident is supported by many of the Financial Times' Top 1,000 Companies, who provide directors by secondment or sponsorship to organise work experience and other schemes; and who give financial backing. Secondment provides an excellent development opportunity for young managers and, for the older manager approaching retirement, a rewarding transition at no extra cost to his company.

We urgently need more companies to help us by:—

Seconding managers to act as Project Directors;
Sponsoring directors recruited by Project Trident;
Funding residential courses.

Please support us; the need is great. Only by helping each other can we help ourselves. Please contact me or Keith Dexter, our director, so that we can tell you more.
Your sincerely,

OBE
Chairman

This advertisement is donated by Friends of the Trident Trust

Company Notices

COMPAGNIE BANCAIRE
Société Anonyme
Incorporated in France with limited liability.
Regd. Office: 5 avenue Kléber, Paris 16ème.

NOTICE TO SHAREHOLDERS

Following a Resolution passed at the Annual General Meeting on 24th March, 1987 a dividend of Frs. 10.00 per share of Frs. 100 nominal for the year ended 31st December, 1986 was declared payable from 31st March, 1987 as follows:—

Residents of the United Kingdom will receive Frs. 7.50 per share of Frs. 100 nominal.

Settlements of Additional Payments:—

Under the terms of the Double Tax Convention between France and the United Kingdom, residents of the United Kingdom will receive, subject to the completion of Form RF4-GB, on or after 15th January, 1988 an additional Frs. 5.25 per share thus increasing their dividend to Frs. 12.75 per share.

Holders may however, submit Form RF4-GB at anytime up to 31st December, 1988.

Payments will be subject to deduction of United Kingdom Income Tax at the standard rate of 29%.

Claims should be lodged with:-
S.G. WARBURG & CO. LTD.
Paying Agency, 6th Floor,
1 Finsbury Avenue,
London EC2M 2PA

Crédit Lyonnais,
84/94 Queen Victoria Street, London EC4P 4LX

Banque Paribas,
68 Lombard Street, London EC3V 9EH

Société Générale,
60 Gracechurch Street, London EC3V 0HD,

from whom claim forms and further information can be obtained.

Copies of the Annual Report and Accounts will be available in French and in English on application to S.G. Warburg & Co. Ltd.

F & C EUROPEAN FUND S.A.
société anonyme d'investissement
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Commercial Register:
LUXEMBOURG Section B No 21 671
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
[illegible]
BANK GENERALE DU LUXEMBOURG S.A.
14, rue Aldringen, Luxembourg
The Board of Directors

F & C ATLANTIC FUND S.A.
société anonyme d'investissement
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Commercial Register:
LUXEMBOURG Section B No [illegible]
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
[illegible]
BANK GENERALE DU LUXEMBOURG S.A.
14, rue Aldringen, Luxembourg
The Board of Directors

NOTICE OF PREPAYMENT

VILLE DE MONTREAL
40,000,000 CANADIAN DOLLARS
10% Bonds due 1989

In accordance with paragraph "Prepayment" of the Terms and Conditions of the Bonds, notice is hereby given that the City will prepay, on June 1, 1987, the total amount remaining outstanding of the above-mentioned Bonds at 100½% of their principal amount.
Payment of interest and premium due on June 1, 1987 and reimbursement of principal will be made in accordance with the Terms and Conditions of the Bonds.
Interest will cease to accrue on Bonds as from June 1, 1987.
Luxembourg, April 15, 1987

THE FISCAL AGENT
Kredietbank S.A.
Luxembourgeoise

F & C ORIENTAL FUND S.A.
société anonyme d'investissement
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Commercial Register:
LUXEMBOURG Section B No 16 885

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of F & C ORIENTAL FUND S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen, on April 23rd, 1987 at 12.30 hours for the purpose of considering and voting upon the following matters:
1 To hear and accept the reports of:
a the directors
b the statutory auditor
2 To approve the balance sheet and the profit and loss account for the year ended October 31st, 1986.
3 Allocation of annual results.
4 To discharge the directors and the auditor with respect to their performance of duties during the year ended October 31st, 1986.
5 To elect the directors to serve until the next annual general meeting of shareholders.
6 To elect the auditor to serve until the next annual general meeting of shareholders.
7 Any other business.
The shareholders are advised that no quorum for the statutory meeting is required and that decisions will be taken by the majority of the shares present or represented at the meeting with the restriction that no shareholder either by himself or by proxy can cast votes in respect of a number of shares in excess of one fifth of the shares issued or two fifths of the shares present or represented at the meeting.
In order to take part at the statutory meeting of April 23rd, 1987, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following bank:
BANK GENERALE DU LUXEMBOURG S.A.
14, rue Aldringen, Luxembourg
The Board of Directors

QUANTUS FUND
Societe d'Investissement a Capital Variable
10a, Boulevard Royal
Luxembourg
NOTICE OF MEETING
Notice is hereby given that the Second Annual General Meeting of Quantus Fund will be held at the Registered Office in Luxembourg, 10a Boulevard Royal, on:
Thursday 16th April 1987 at 11 am
for the purpose of considering the following agenda:
1. To receive and adopt the management report of the directors for the year to 31st December 1986.
2. To receive and adopt the report of the statutory auditor for the year to 31st December, 1986.
3. To receive and adopt the annual accounts as at 31st December, 1986.
4. To grant discharge to the directors and the statutory auditor in respect of the execution of their mandates to 31st December, 1986.
5. To receive and act on the statutory nomination for election of directors and the statutory auditor for a new term of one year.
6. To appropriate the earnings.
7. To transact any other business.
The resolutions will be carried by a majority of those present or represented.
The shareholders on record at the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the Registered Office of the company not later than 24 hours before the meeting.
By order of the Board of Directors
J. Pierson
General Secretary

CREDIT NATIONAL
ECU 175,000,000
Guaranteed Floating Rate Notes due 1995
Unconditionally Guaranteed by the Republic of France
For the 3 months period April 15, 1987 to July 15, 1987 the Notes will carry an interest rate of 7½% per annum with an interest amount of Ecu 180.10 per Ecu 10,000 Note and of Ecu 1,801.04 per Ecu 100,000 Note. The relevant interest payment date will be July 15, 1987.
Banque Paribas
(Luxembourg) S.A.
Agent Bank

CHRYSLER FINANCIAL CORPORATION
Up to US$300,000,000
Floating Rate Notes due 1989
of which US$200,000,000 is the initial tranche
For the 6 months period April 14, 1987 to October 14, 1987 the Notes will carry an interest rate of 7½% per annum with an interest amount of US$348.54 per US$10,000 Note and US$3,658.42 per US$100,000 Note.
The relevant interest payment date will be October 14, 1987.
Banque Paribas
(Luxembourg) S.A.
Agent Bank

THE HONGKONG AND SHANGHAI BANKING CORPORATION
Primary Capital Undated Floating Rate Notes
Notice is hereby given to the holders of these Notes that copies of the Annual Report and Accounts of the Bank for the year ended December 31, 1986 are available at the Group London Regional Offices of the Bank at 99 Bishopsgate, London EC2.

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AUSTRALIAN AIRLINE INDUSTRY

Australia makes slow approach to deregulation of airline industry

BY STEWART DALBY

AUSTRALIA'S domestic airline industry, closely cocooned by the Government for the past 35 years, has been coming under scrutiny as possibly the next candidate for deregulation under Mr Bob Hawke's Labor administration.

Such official enthusiasm which exists is, however, met with strong reservations by the main beneficiaries of the present system in both the public and private sectors, as well as the absence of an independent consensus on what should be done.

The country has operated a two airlines policy since 1952, with the market ostensibly equally divided between the government-owned Australian Airlines, until recently called TAA, and the private Ansett Airlines. Latterly the regional East-West Airlines has managed to carve out a small slice of the market through court actions. This allows East-West to fly the main trunk routes providing it does so through "succession prescribed routes," touching an intermediate destination already within their regional network.

East-West expects to be the first airline listed on Australian stock exchanges later this year when it aims to raise some A$50m (US$35.5m).

Meanwhile, Air New Zealand, which has been pushing for the right to carry passengers within Australia, has confirmed that it has been in talks to buy a stake in East-West.

At present, in terms of passenger kilometres, the Australian market is split as to 50.5 per cent Ansett, 44 per cent Australian Airlines and 5.5 per cent East-West. On the basis of the number of passengers carried the split is Ansett 49.9 per cent, Australian 42.5 per cent, and East-West 7.6 per cent, according to figures from Australian.

The proportions are only rough indicators because they include regional routes which both East-West and Ansett have but Australian does not. On the major 16 trunk routes the difference in traffic carried between the two main airlines is probably no more than 1 or 2 per cent.

The duopoly has attracted a growing chorus of criticism over the years. The chief area of complaint concerns parallel scheduling. The two main airlines seem to fly to the same places on the same day at almost the same times. Their charges are also regarded as high, and because of inflexible routing they appear to be impeding the growing international tourism industry.

Qantas, the state-owned international carrier, to its annoyance, is not allowed to carry any international passengers between domestic destinations in Australia. This results, it says, in 17,000 empty seats each month in Australia. Qantas has been vigorously campaigning for the restoration of its so-called interline rights.

Mr E. P. Bowen, permanent secretary at the Department of Aviation, maintains that the two airlines agreement has served the country well.

Before the Second World War there were about 36 airlines, some of them undeniably "fly-by-night." There was no organised scheduling. "It is best to look at the two airlines policy as a question of protecting infant industries. Now that they have reached maturity it is probably time to loosen things up a bit," Mr Bowen says.

The present Government has, from time to time, intimated that it would deregulate the airlines. Mr Paul Keating, the Federal Treasurer, recently threw out a very broad hint that the Government intended to privatise Australian Airlines as a precursor to deregulation of the system.

A report on deregulation was published in December by a committee set up by Mr Peter Morris, the Federal Minister of Transport, under Mr Thomas May.

Policy options

Under existing legislation the Government can give three years' notice as from last January that it wants to wind up the duopoly. Unfortunately although the May committee carried out a thorough investigation, it made no recommendations. With the Government showing no real signs of hard action—despite its hints—the debate seems likely to wind on for some time.

What the report did do was set out five policy options:

- Retention of the present system.
- Revised regulation providing greater government involvement in airline managements, particularly for setting capacity and new entry, as well as aircraft scheduling and fare setting.
- Modified regulation. This would give greater opportunities for entry on to the trunk routes by operators other than Ansett and Australian Airlines.
- Partial deregulation, which would remove all controls except those over the import of airliners.
- Total deregulation.

The attitude of the two airlines involved is that they would rather stay with the present system. Though they cannot really compete on fares and schedules means they cannot compete on service, the quality of service is very high, they argue.

This is true enough, but the airlines do very nicely out of the system. Ansett last year made around A$60m (US$43m) profit on turnover of A$800m whereas Australian made A$39m on roughly comparable turnover.

The airlines admit to a certain self-interest but say there are more complicated issues involved.

Mr James Strong, chief executive at Australian Airlines, says: "We have tried to recognise community expectations that a freeing up of the market gives more choice, keener pricing and the benefits of competition. The critical point is, can you achieve this by modifying or do you need to turn the system on its head?"

Of North American deregulation, which has led to a spate of mergers, Mr Strong paraphrases Clemenceau, by saying that the US went from barbarism to saterialism without any civilisation in between. Its airlines are going from a regulated oligopoly to a market dominated oligopoly without any competition in between he says.

He rejects large-scale fare discounting as a solution: "No airline in the world has made a long-term success of discount travel."

At Ansett the view is much the same. Mr Ted Forester, general manager, says complaints about parallel scheduling really only concern outlying routes rather than the main Sydney-Canberra, Mebourne run where there are something like 15 flights a day. He also points out that a lot of discounting already takes place.

Mr Forester insists that Ansett's core economic fare is 75 per cent of the equivalent in Europe and 95 per cent of that in the US. There are no charter airlines because spare capacity is used for discount fares.

While Ansett might prefer the present system it also strongly feels that the only alternative is complete deregulation—with one condition. If the sector is deregulated, Australian Airlines must be privatised. Sir Peter Abeles, the joint managing director of Ansett, said recently: "Put simply, you just cannot be a little bit pregnant. The only viable alternatives for the future are to continue with the present arrangements or give open competition a go."

Low-cost loans

Although the Government does not subsidise Australian Airline's running costs the state-run carrier usually makes a profit. Until a recent increase it paid a dividend of only A$1.5m a year, equivalent to 10 per cent of its low capital base. But the Government does often fund new aircraft, usually in the form of low interest loans.

Ansett's fleet includes Boeing 767s, 737s and 727s whereas Australian has the Airbus A-300 as its wide bodied jet. Ansett claims the structure of its fleet has already given it the edge in the market by one or two per cent. Mr Forester estimates that every 1 per cent more of a market share adds A$30m to profits.

Ansett is 50 per cent owned by Mr Rupert Murdoch's News group. Its other shareholder is TNT, which is involved in transport, hotels, courier services and travel agencies. This vertical integration means Ansett would almost certainly flourish in a deregulated market and make it difficult for newcomers to erode its share.

Mr Forester denies, however, that it would swamp a privatised Australian. "They are well run and competitive, they would get their share of the business," he says.

It seems that there will eventually be some kind of deregulation says Mr Forester. "There will probably be few of us, maybe even two, although East-West wants a three airline system rather than a free-for-all. Fares on the main trunk routes to Melbourne and Sydney might come down and could stay lower, but the rest of Australia would probably be poorly served."

Benefits of investment show through

- Group profits reflect the benefits of further expansion in the United States and the completion of the major UK investment programme.
- US interests continued to prosper from a generally high level of demand and from increased operating efficiencies.
- UK cement operations produced a much stronger performance in the second half which has continued into 1987; property development also made a significant contribution.
- Since the end of the year disposal of the group's interests in Australia and Spain has realised £148 million.

UK OPERATIONS

Improved profits from cement operations reflected the benefits of the major investment programme largely completed in 1986. These measures will result in improved cash generation. With modern and strategically located plants, coupled with a network of distribution depots, Blue Circle is well placed to benefit from the new situation following the recent 'termination' of the Common Price and Marketing Arrangement.

	1986	1985	% change
Turnover	£1098.0m	£947.2m	+16
Profit on ordinary activities before tax	£127.0m	£116.9m	+9
Group share of profit after tax and before extraordinary items	£98.6m	£83.7m	+18
Earnings per £1 ordinary share before extraordinary items	76.7 pence	67.7 pence	+13
Final dividend	17.0 pence	15.0 pence	+13

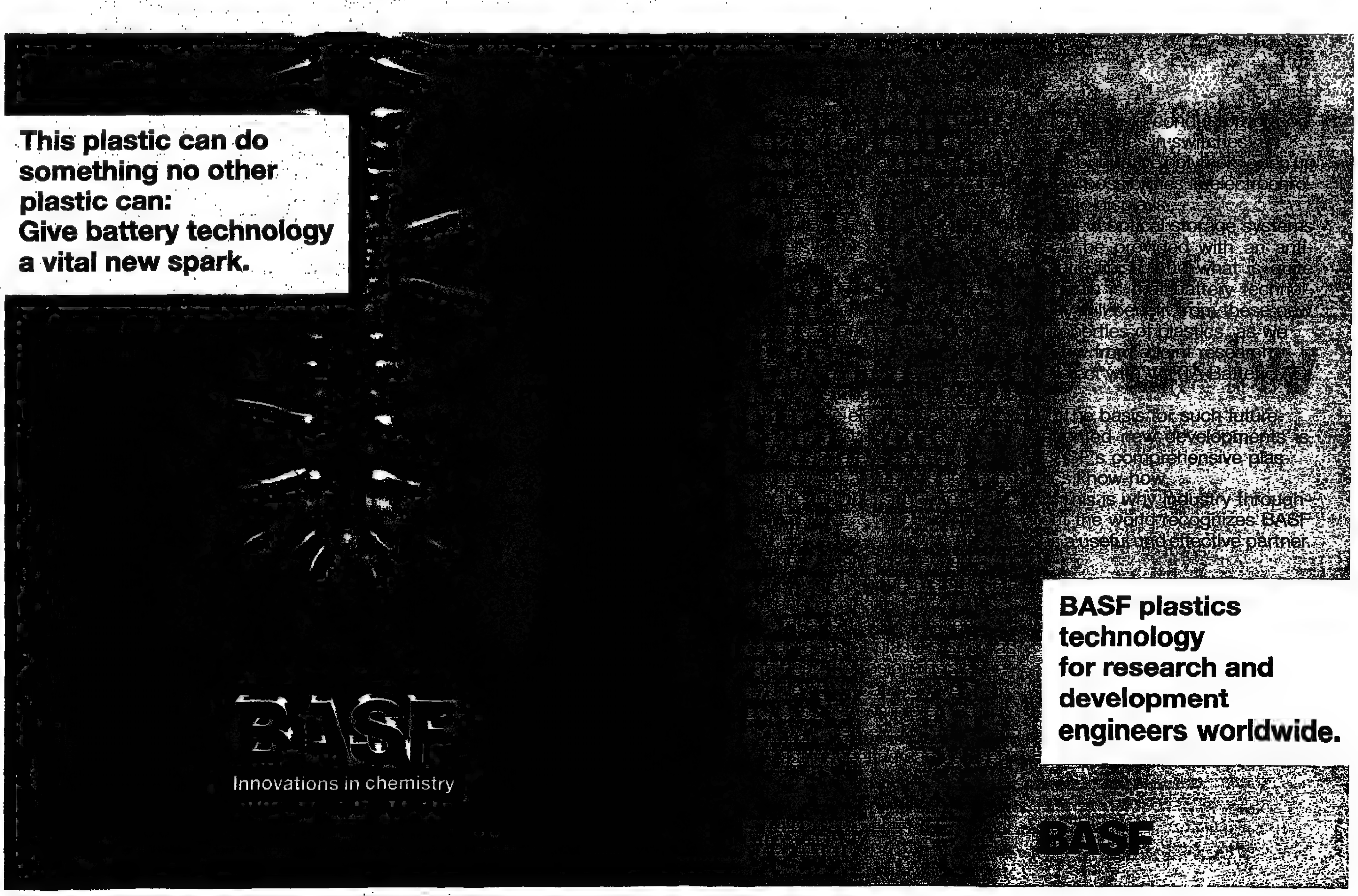
US OPERATIONS

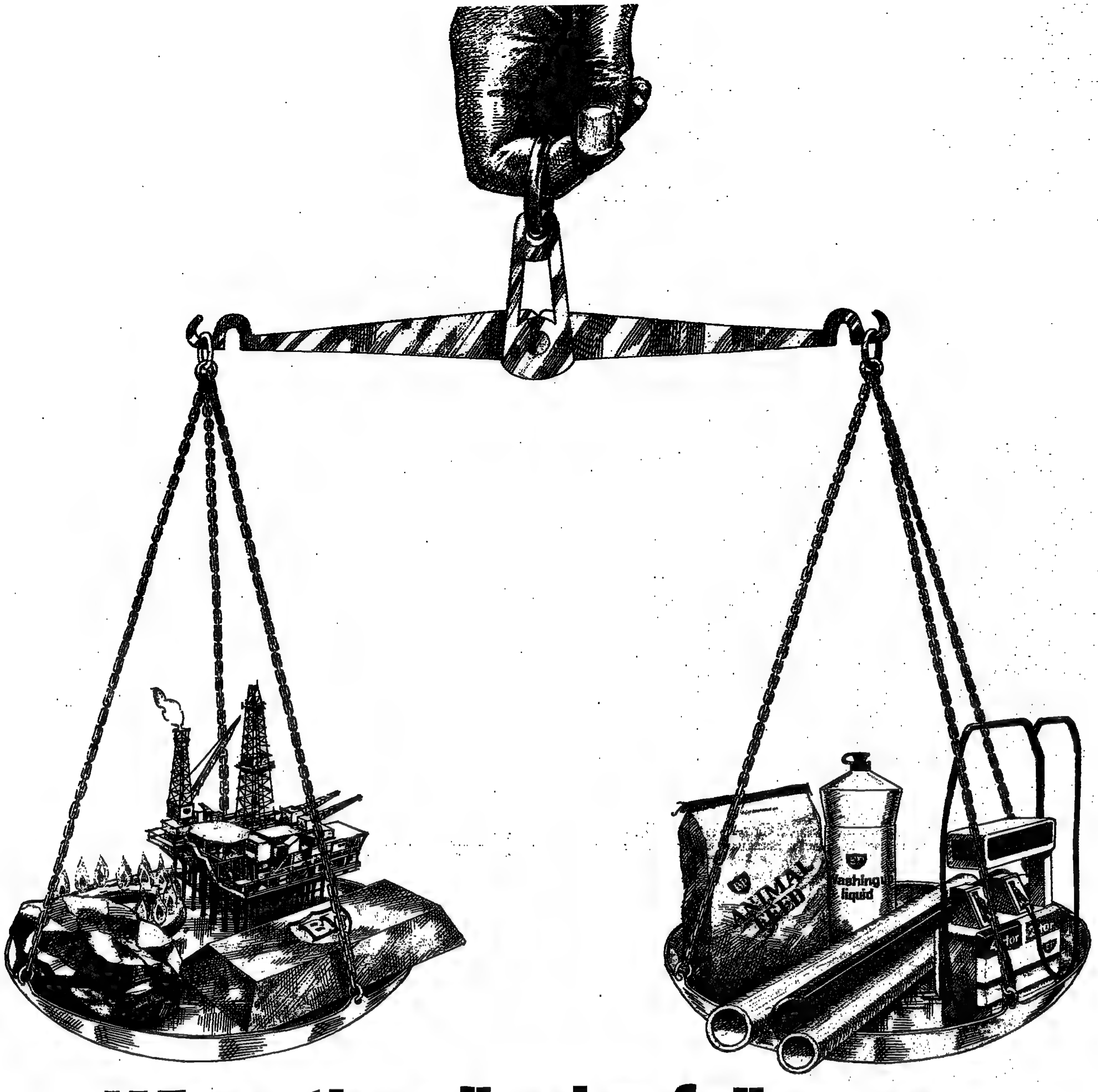
The Group's interests now constitute one of the major building materials businesses in the USA with a turnover approaching US$ 700 million, and cement operations experienced output levels close to capacity. The successful integration of both Atlantic Cement and Williams' Bros has strengthened Blue Circle's position in the market throughout the Eastern States. The Group also acquired Johnson-Stewart-Johnson, a readymix concrete and aggregate producer in Arizona.

Elsewhere overseas the Group's operations performed strongly, for the most part.

Blue Circle
ON THE MOVE, INTERNATIONALLY

The Report and Accounts will be posted to Shareholders on 6 May 1987 and copies will be available from The Secretary at: Blue Circle Industries PLC, Portland House, Aldermaston, Berks RG7 4HP





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FT 15/4

Keys to success in executive work overseas

BY MICHAEL DIXON

WHICH nations produce the most commercially wideawake, practically inventive executives? Whenever the Jobs column has put that question to international recruiters and personnel chiefs of world-wide companies, the first two countries listed have almost always been the same.

Top place has consistently gone to the United States. That is perhaps less than astonishing, however, since more than half the people I have asked so far either originated in the US themselves or work for companies headquartered there.

There can be no such bias in the voting for second place which has gone emphatically to Italy. And that, despite my vows to shun the stereotype views formed in a long-lost youth, did surprise me. But it does not do so any more, thanks to a newly received report produced jointly by the Berndtson International headhunting concern and the BGN Europe management consultancy.

"Italian managers have had a rush of recent success in corporate assignments abroad," says the document (which is available from BGN's Jack Berry at Via Frua 22, 20146 Milan; telephone (02) 46 27 42).

It then summarises interviews with 14 such managers—some of whom have returned home only to wish they were abroad again—before drawing conclusions as to why Italian managers are in such strong overseas demand. The reasons offered might well make instructive reading for would-be self-exporting executives from elsewhere in the world.

The golden rule for being successful as an expatriate, the report suggests, is to avoid continually thumping the tub about the superiority of one's native heritage.

"Some other nationalities, especially those with an imperial past, feel more or less obliged to crusade for their own culture and history. This of course produces difficulty in accommodating others. The Italians on the other hand, while not without their own deep cultural commitment, feel less competitive on these grounds."

The second reason cited for their overseas success is that they are often highly talented at finding the common grounds on which people of different origins can work together. "If a German becomes vice-president Europe for a US multinational, others may mutter 'Deutschland uber alles'," the document says, "whereas an Italian does not produce upset."

Next comes Italians' willingness to absorb more northerly countries' hard- (if not bone-) headed working cultures while retaining what one of the managers interviewed called a "biological approach" to overcoming difficulties. I fear his meaning is still not quite clear to me despite the report's assurance that "this was explained in terms of their history, combining conceptual 'reality' training with the use of intuition to solve untractable problems."

But few things could be clearer than the final reason, which is stated in the words of another of the managers in the study. "We are fast learners, able to pick up new disciplines quickly. We think on our feet."

Those, the document adds, "are traits necessary for success regardless of national background." D'accordo, d'accordo!, as I'm told they say in Italy.

Warning

WHEN visiting a former colleague in a tycoon-run group a while ago, I went to take the elevator to the floor my friend worked on. But before I pressed the conventionally placed call button, my arm was seized by a burly commissionaire.

"Not that one, sir. This one," he panted as he pointed to a second, smaller button lower down. "The other's just for the chairman. He said he'd be away all today, you see, and a touch of that button will fill the whole place with alarm and despondency."

Having once worked for an all-out entrepreneur myself, I knew the feeling. Which is why I would advise people who have not yet undergone the same experience to have their shock absorbers thoroughly checked before even applying for today's first job which is offered through recruiters Lloyd Chapman Associates.

It is for a professional manager to take the top oganising role in a freshly formed group headed by not one whizzbang, but two. The duplication arises because the 300-employee group has been assembled from a brace of go-getting outfits. One is in financial services such as investment management and leasing which will make up the main activity of the new combination. The other is in computer services including technical advice and support.

The newcomer will be entitled managing director and be on the main board. The base is London, with a fair deal of travel around the group's 17 branch offices in Britain and on the Continent.

I'm informed that besides having instilled and maintained good managerial order in some comparable type of business, applicants should be acquainted with computer technology and "skilled at picking up and putting together pieces." For my own part I would suspect that, unless candidates are also highly flexible in personality, what they may well need to pick up and put together will be pieces of themselves as well as assorted bits of enterprise showering from above.

The salary indicator is £80,000 at least, with an equity stake and car among the other benefits.

Inquiries to either Brian Burgess or Robin Rowe at 160 new Bond Street, London W1Y OHR; tel 01-409 1371, telex 298942. Since they may not name their client, they promise to abide by any applicant's request not to be identified to the employer at this stage ofthe proceedings. The same goes for the recruiter next to be mentioned.

Mixed pair

HE IS Tony Nevile, chief of Anthony Nevile International, who is offering two posts on behalf of separate companies.

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As well as having succeeded at that fundamental task in the same type of operation, candidates should demonstrably have particular strength in choosing and developing brand strategy. If their experience includes working with manufacturing plants in various different places, so much the better.

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Applications are invited for two lectureships from October 1987. Preference will be given to applicants willing to specialise in Property Law (which may include Personal and Real Property, Trusts and Intellectual Property) and Commercial Law (with emphasis on International Trade Law and Conflict of Laws). It is expected that first appointment will be made in the Lecturer A salary range £8,375-£13,675 + £1,393 LA. Applications (no forms) with full c.v. and names and addresses of two referees to:

Department Secretary
Faculty of Laws
University College London
Bentham House
4-8, Endsleigh Gardens
London WC1H 0EG
from whom further particulars may be obtained
Closing date: 30 April 1987

FOREX
APPOINTMENTS

For Forex, Capital Markets and Treasury appointments consult a specialist agency
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Prince Rupert House
9-10 College Hill, London EC4R 1AS
Tel: 01-248 0263

WANTED

A position required within a Stockbroking firm, for a very successful and highly experienced dynamic computer sales executive aged 28. Has degree and currently studying registered representatives examination.

Reply to Box A0496, Financial Times 10 Cannon Street, London EC4P 4BY.

Fixed Income Administrator

Our client is recognised as a leader among international investment managers. They have substantial assets under management on a global basis and as a result of their standing in the market place are able to attract both institutional and private clients of the highest calibre.

Due to continued growth their London Group is seeking an additional person to join the fixed-income team. The appointee must have client reporting experience, together with an understanding of the activities necessary to provide strong investment management support. The responsibilities will include working closely with the fund management and settlements teams, liaising with clients, providing valuations, and maintaining/reporting cash positions.

Ideally aged late-20s, candidates must be good team players, have excellent communication skills and management ability.

The Company offers a compensation and benefits package designed to attract a top quality specialist. To apply please contact, in complete confidence, Jan Wolf quoting Ref. JW129.

Lloyd Chapman Associates
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Telephone: 01-409 1371

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Est-ce que vous dirigez votre carriere? Ou votre carriere – se dirige?

I am looking for experienced UK and French Equity salespeople to join a well-established City stockbroking house which has the backing of a major European Institution.
You must be able to demonstrate a successful track record and be completely au fait with your product.
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A UK stockbroker is seeking a mature, experienced person to "head up" its rapidly expanding Private Client Department.
Candidates will only be considered if they have a wide-ranging, up-to-date knowledge of Private Client investment and possess qualities of leadership and management.
Directing and co-ordinating a busy team will be an essential part of this post. £ highly negotiable
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CHARTERHOUSE APPOINTMENTS
[illegible]

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mothercare

COMPANY SECRETARY
c.£25,000 p.a. + Car

The appointment of our company secretary to a new position within the Storehouse Group has created an exceptional and highly challenging career opportunity with Mothercare.

The successful candidate will have a sound commercial track record and hold a professional qualification as a solicitor, barrister or chartered secretary. He or she will be responsible for providing legal and corporate services including key areas of pensions, employee share schemes, contract documentation, trade marks and insurances.

Applicants are likely to be in their mid twenties to mid thirties and must be able to communicate effectively at all levels. The appointment will be based at Mothercare's Headquarters in Watford. Starting salary c.£25,000 p.a. and a company car will be provided together with other benefits appropriate to a position of this level.

Please write with details of your experience and qualifications to Bernard Greaves, Chief Executive, Mothercare UK Limited, Cherry Tree Road, Watford, Herts. WD2 5SH quoting reference FT15/4.

MANUFACTURERS HANOVER

Syndications and Asset Swaps

We are expanding our activities, and require an additional professional to maintain and extend our ability to distribute floating rate products, including loan assets and synthetics.

The successful candidate will be responsible for distributing floating rate products to a group of accounts within the international financial sector, as well as expanding the sales outlets of the team. He/she will demonstrate strong relationship management skills, natural selling ability and a firm grasp of the techniques and markets involved.

He/she will probably be in their mid or late twenties, will currently occupy a position at a North American, British or European bank, and will have at least two years' directly relevant experience.

Competitive remuneration will be offered for this position, together with a generous benefits package, including a subsidised mortgage.

Please write with full CV to General Manager, Personnel, Manufacturers Hanover Limited, 7 Princes Street, London, EC2P 2EN.

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You will work both individually and as part of a team in assessing potential members or on compliance inspections and investigations. These will centre upon fund management and investment advisory businesses from the major merchant and investment banks to smaller independent concerns – offering unique opportunities to gain first hand knowledge of the sector.

For further details, please contact Nick Root on 01-404 5751, or write enclosing a full c.v. to Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strict confidentiality assured.

MP

Michael Page City

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CITY — **c£30,000, CAR AND GENEROUS BENEFITS**

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For this new appointment, the result of rapid growth and success in the promotion of the latest Capital Markets Instruments, we seek Honours Graduates in a mathematical or closely related discipline aged 25-28. Formal training in financial/securities analysis will have been followed by not less than three years as an analyst with a prominent institution noted for its record and research methods and will include at least 1 year following international fixed interest markets. Reporting to the Head of Department, the successful candidate will be responsible for initiating and communicating productive research into major global fixed interest markets in U.K., Europe and elsewhere with particular emphasis on the futures/options scene. Key to the success of this appointment is an imaginative, client orientated approach plus the ability to react positively under pressure to fast changing market trends. A high level of autonomy will be vested in the individual and some travel is involved. Initial salary negotiable c.£30,000, car, mortgage facility, non-contributory pension, free life assurance and BUPA. Applications in strict confidence under reference SAF 19024/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

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Corporate Finance – Graduate Trainee

Manchester

Rothschild's busy and expanding Northern Division is seeking to recruit a graduate to commence work in October. The successful candidate will work in a stimulating and testing environment as a member of the Corporate Finance Department of the Manchester Office.

The successful candidate must be able to demonstrate their numeracy and a keen interest in business. Initial training will be carried out at the Corporate Finance Division in London.

Remuneration will be fully competitive and the Company provides excellent employment benefits, including profit sharing.

Please send a full curriculum vitae or Standard Application Form to:

The Personnel Director,
N M Rothschild & Sons Limited,
New Court,
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CV
HUMAN RESOURCES

AUDIT/TREASURY MANAGER

West London — **c £17,000 p.a.**

A major $5 billion turnover multi-national pharmaceutical, toiletries and household products manufacturer needs a qualified accountant for a key role in financial management.

You should be in your mid to late twenties, be self-motivated and have excellent communication skills, and be used to the demands of a fast moving company. Reporting to the Group Chief Accountant you will manage the internal audit and be responsible for all corporate, legal and group requirements conducting continuous checks and developing protection systems. Treasury responsibilities will focus on cash management and forecasting. Your background must include experience of auditing and computerised accounting, and you should have had some exposure to treasury activities.

The company provides "blue chip" benefits with ample opportunity for career development. Ref: 1/10/1.

C.A.R.E. Ltd.,
I.C.G. House, Oldfield Lane North, Greenford, Middx UB6 0AL.

575 7070

BANKING POSITIONS

SWEDISH SPEAKING BOND SALESPERSON — 20s — Salary neg. aae
Fluent Swedish speaker with minimum 1 year's bond sales experience sought by well-known and highly respected bank.

MONEY MARKET SALESPERSON WITH SPANISH OR ITALIAN — 20s — Salary neg. aae
Premier merchant bank seeks Spanish or Italian speaking ECP or CD salesperson. Minimum one year's experience of selling these instruments for a bank is essential.

BANK SOLICITOR — mid 20s/early 30s — to £24,000 p.a.
Well-known international bank seeks fully qualified solicitor (not barrister) preferably with banking experience of drawing up legal documentation for loan agreements. The person appointed will join a team of 5 within the bank and will assist with merchant banking back-up.

Please speak with Elisabeth Hayford regarding the above positions on 377 5040

FINANCIAL SERVICES

PART QUALIFIED ACCOUNTANT—STOCK-BROKING BACKGROUND — mid 20s — £15-20,000 pa
An interesting position has arisen for a part qualified ACA/ICMA to work with the broking investment branch of a large company which is quoted on the Stock Exchange. This is an important appointment for this company.
Reporting to the Financial Director, a knowledge of Stock Exchange returns, year-end accounts and bank reconciliations is important as is 2-4 years spent in the back office of a stockbroking firm. A knowledge of IBM minicomputers is useful.

Please speak with Cindy Brunck on 377 5040 regarding the last position, or write to:

LJC BANKING APPOINTMENTS
Devonshire House, 146 Bishopsgate, EC2M 4JX.
01-377 5040

Sales Executive

N. American Equities

As a member of the New York Stock Exchange, we require a Sales Executive with experience of N. American Equities to service institutional clients in Europe.

The position will be based in London. Applicants must have NYSE series 7 registration and be fluent in at least two European languages. We offer an attractive salary and benefit package. Career prospects are excellent.

Please write enclosing full CV to:
Gareth Hughes, Kleinwort Benson Group,
PO Box 191, 10 Fenchurch Street, London, EC3M 3LB.

Kleinwort Benson Group

VIVIAN GRAY & CO

BOURNEMOUTH/POOLE

Challenging position exists for S.E. Member/Registered Representative to advise high net worth individuals in a central retailing location.

LONDON

Partners' Assistant required in Private Clients Department. Applicants must have good knowledge of Stock Exchange procedures and be experienced in reviewing and advising on trust and personal portfolios.

Preferred age 24/30.

Apply in writing, with curriculum vitae, to:

The Staff Partner
VIVIAN GRAY & COMPANY
Ling House, 10/13 Dominion Street
London EC2M 2UX

Swiss Bank Corporation International (SBCI) is one of the world's leading investment banks and a major presence in the global capital markets, with operations in Tokyo, New York and other financial centres. The bank enjoys a leading reputation as an international underwriter, and, within the last six months, has established a commanding presence in Far Eastern equities. Our strength in European equities will be substantially reinforced by our forthcoming acquisition of Savory Milln.

Tokyo
European Equity Sales – Japanese National

The scope for the sale of foreign equities to Japanese fund managers in Tokyo is immense, and we are seeking a Japanese national who, after a period of orientation in London, will transfer to the rapidly expanding Tokyo branch of our subsidiary, SBCI Securities (Asia) Limited, to assume a senior role in the European equities sales unit. The individual we seek will have:-

- a good understanding of the European equities market;
- substantial securities sales experience;
- fluency in English;
- first rate communication skills;
- the ability to thrive in a demanding environment.

There are outstanding prospects for career progression within the SBCI Group. Remuneration, which will include all the usual investment banking benefits and the opportunity to earn a substantial bonus, is negotiable. Applications from non-Japanese nationals who have appropriate language skills, relevant experience and an in-depth familiarity with Japanese culture and business practice will certainly be considered.

Those who wish to apply should write, enclosing a curriculum vitae, to:
Alexander Campbell, Personnel Manager,
Swiss Bank Corporation International Limited,
Three Keys House, 130 Wood Street,
London EC2V 6AQ.

Swiss Bank Corporation International Limited

BOROUGH TREASURER'S DEPARTMENT

Borough Treasurer

Salary £26,439-£28,104 (inclusive of London Weighting)

Plus lump sum car allowance £1,452 p.a. (plus enhanced hours payment for overtime)

Southwark is located to the south of the City of London, has a budget in excess of £360m and serves the needs of 225,000 people. There are many new initiatives taking place in the borough dealing with the effects of development pressures in the docklands and the City fringe.

Our present Borough Treasurer has recently been appointed as Treasurer to the City of Sheffield and we are inviting applications from candidates of outstanding calibre and proven management ability for this most challenging and demanding post.

The Borough Treasurer is the Council's principal financial adviser and is responsible for managing the Council's finances in conjunction with Chief Officers. The Borough Treasurer works closely with Councillors, the Chief Executive and Chief Officers in formulating and implementing the Council's policies. Major initiatives include service delivery reviews, Council Action Plans, the development of Strategic Planning, Job Creation, Equal Opportunities and raising new external sources of finance.

The Borough Treasurer's Department itself is divided into three divisions (Financial Services, Exchequer Services and Computer Services) and comprises a total of 400 staff.

This key position calls for a qualified Accountant (ideally CIPFA) with a minimum of five years' relevant experience at a senior level in a large organisation, preferably in the Public Sector.

THIS POST IS OPEN TO JOB SHARING.

We are an equal opportunity employer. Applications are welcome from candidates regardless of race, nationality, sex, marital status, sexual orientation, disability, age, religious beliefs or domestic circumstances.

Telephone 01-703 9279 (24-hour answering service) for an application form, or write to:

The Personnel Officer,
London Borough of Southwark,
25 Commercial Way, London SE15 6DG.
Please quote reference FT/2/8062.
Last date for receipt of completed application forms: 7.5.87.

SOUTHWARK

Operations Manager

Our well established and growing *LDT* requires an Arabic speaking Operations Manager with similar experience in a bank in London. Skills in EDP, Treasury, accounting, placements, budgets, managing staff and customer relationships are necessary. Preferred age 30-45.

For this important position salary is negotiable depending on experience, and a full package of fringe benefits is provided.

Please send your c.v. to:
The Managing Director
AL BARAKA INTERNATIONAL LIMITED
14 Cavendish Square
London W1M 9DA

INVESTMENT MANAGER

City — **£ neg. to an attractive level**

We are a small but rapidly-expanding financial group with interests in Lloyds underwriting, investment management and venture capital. Our investment management company is seeking to appoint an additional Fund Manager.

You will have a minimum of five years' thorough grounding in the Securities industry and have experience in the management of international fixed-interest and equity portfolios.

Applicants should forward a full c.v., including details of current salary package, to:

Box A0493, Financial Times
10 Cannon Street, London EC4P 4BY

At a career Crossroads?

Hill Samuel Investment Services is seeking executives, aged 25 to 50 and with experience in industry, commerce or the professions, to become Personal Financial Advisers. All necessary training and support will be given to enable you to promote the renowned range of Hill Samuel personal financial products and services.

Contact: David Hall on 01-434 4583
Hill Samuel Investment Services
3rd Floor, 1 Maddox Street,
London W1R 9WA

Wanted

BULLION DEALER

Several years' experience in various bullion markets including dealing with professional houses, customers and central banks.

Seeks more responsibility in a similar field.

Write Box A0487, Financial Times
10 Cannon Street, London EC4P 4BY

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Call the Recruitment Officer on 01-629 0504

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Our company is a small yet rapidly expanding stockbrokerage. We serve the needs of individuals seeking global diversification in equities. We need 2 or 3 dynamic individuals with excellent general knowledge of Pacific Basin and European equity markets for our head office delightfully situated in Florida. These are commission based positions, so only self-starters need apply. Potential earnings? Six figures by your second year if you're the person for the job.

Apply in confidence to Box A0474, Financial Times 10 Cannon Street, London EC4P 4BY

We will interview in London and New York

Small Stockbroking Firm on the point of major expansion, requires an

OFFICE MANAGER

A competitive salary will be paid. The appointment would suit a younger man in a larger firm who would welcome the opportunity to accept this degree of responsibility

Write Box A0492, Financial Times 10 Cannon Street, London EC4P 4BY

CEDEL SA

are seeking an additional person to join their London Representative Office to assume responsibility for a number of clients.

The position entails working as part of a team for marketing Cedel services in London as well as providing training and technical support to users.

Applicants should possess a good understanding of securities markets and settlements gained within an operations environment. The successful applicant will have an outgoing personality and an ability to communicate with people at all levels is essential.

Applications in writing, enclosing a curriculum vitae, should be made to:

CEDEL SA
London Representative Office
Winchester House, 77 London Wall
London EC2

Salary is by negotiation.

All applications will be treated in strictest confidence.

International Appointments

LAGOS STATE GOVERNMENT OF NIGERIA

LAGOS STATE WATER CORPORATION

PROJECT ADVISER

The Lagos State Water Corporation will shortly be implementing a major expansion of public water supplies in the Lagos Metropolitan Area. The project, which would be funded largely by external financing was recently appraised by the World Bank and European Investment Bank. Other foreign cost financing is expected to be provided by Commercial Banks, the Canadian International Development Agency and UNDP. The Corporation is seeking the assistance of a well qualified and experienced person to act at Project Adviser to assist with the setting up of systems and procedures to control all aspects of project implementation.

Duties

The successful candidate will ensure that:

(i) Adequate records are kept to show the commitments, expenditures and cash flow requirements of each contract and component of the project;
(ii) Contractual payments are processed promptly in accordance with the procedures of the funding agencies, the Corporation and the Lagos State Government;
(iii) There is efficient coordination between the Corporation, the several consulting firms and the funding agencies;
(iv) All designs, bidding and contract documents and reports prepared by the Corporation and/or consultants are correctly reviewed;
(v) All procurement procedures of Lagos State and the funding agencies are adhered to and that the Corporation pursues efficient logistical, contractual and engineering management;
(vi) Technical Reports, Memos and Progress Reports are prepared on a timely basis in accordance with funding agency and Corporation requirements; and
(vii) That the Corporation adheres to and meets its obligations to the funding agency agreements.

Qualification and Experience

(i) Membership of a recognised professional body (Higher University degree will be an advantage);
(ii) Candidate must have at least 15 years' requisite experience, which must include experience on similar project involving consultants and contractors from several countries and with external financing preferably including the World Bank;
(iii) Candidate must be able to speak fluently in English and write coherently and lucidly.

Salary

The appointment will be for 2 years in the first instance, but may be extended, and the salary, which is negotiable will be commensurate with the experience and qualification of the successful candidate.

Method of Application

Interested Candidates (or firms wishing to sponsor nominees) should submit their applications in a letter-form giving detailed curriculum vitae which should include basic and professional qualifications and relevant experience. The applications should also include proposals on contract terms, salary expectations and earliest date of availability to take up appointment etc, and be addressed to:

THE GENERAL MANAGER
LAGOS STATE WATER CORPORATION
P.O. BOX 555
LAGOS, NIGERIA
Tel: 802170-4, 837857
Telex: 27386 LASWAC N

Closing Date

Applications should be received by the General Manager not later than Monday 11th May, 1987.

Financial Analyst

Oil Industry — North Africa

Jawaby Oil Service has been established by the Libyan Oil and Petrochemical Industry to provide an across the board service, including total recruitment, to individual operating companies.

Our client, Zueitina Oil Company, a leader among the major oil companies in Libya, is now looking for a Financial Analyst.

Responsibilities will include establishing an accounting policy and implementing procedures, checking and authorising joint venture payments, updating accounting books and following up on monthly reconciliations. Candidates must be educated to degree level and have considerable post graduate experience in all accounting areas of the petroleum industry, particularly exploration, development and production activities. Experience in budgeting, financial cost control, business systems and data processing is essential.

Excellent benefits include:

* Tax protected salaries.
* Generous leave including free air fares.
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* Free board and accommodation.

Please apply to the Recruitment Co-ordinator ref. ZTN/8, Umm Al-Jawaby Oil Service Co. Ltd., 33 Cavendish Square, London W1M 9HF.

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01-248 8000
Daniel Berry Ext. 3456
Emma Cox Ext. 3351
David Rhodes Ext. 4676

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6 bedrooms in this newly decorated and refurbished spacious period house, situated within 5 mins walk of BR (direct Waterloo & Victoria) and tube (Northern Line) stations. 2 receps, 3 baths, kit/bfast area, playroom, garden.
Battersea Office: 01-924 3344

CARLYLE SQUARE, SW3 £1,500 p.w.
An opportunity to rent a family house in this magnificent Chelsea square. Avail in May, furnished or unfurnished, the accommodation comprises 2 receptions, very lge kitchen, family/maid room, 5 beds, 3 baths, large garden.
Chelsea Office: 01-589 5211

DOCKLANDS, E14 £130 p.w.
Excellent value! Delightful newly decorated 2 bed house in new development. Garage and garden.
Docklands Office: 01-538 4921

SHAFTESBURY COURT, SW6 £200 p.w.
Exceptionally light spacious flat in convenient position and excellent value. 2 beds, large recep/diner, ff mod kit, bathroom.
Fulham Office: 01-731 3111

EDGWARE £350 p.w.
Smart furnished/unfurnished newly built house in quiet cul-de-sac. 3 beds, bath, shwr rm en suite, large recep, clk, oak-fitted kit, integral gge, gdn. Close to Canons Park tube. Avail 1/3 yrs. Co lease.
Harrow Office: 01-427 8787

BRYANSTON SQUARE, W1 £450 p.w.
Need a base in central London? This beautiful two bed flat offers security and style in this prestigious location. Newly furnished and decorated, also provides a garden.
Hyde Park Office: 01-262 5060

LONDON, W11 £140 p.w.
Attractive 3rd floor conversion. 1 double bed, bath, reception & kit with washing machine. Ch/chw. 12/24 months.
Notting Hill Office: 01-221 3500

RICHMOND HILL £250 p.w.
Unfurnished magnificent flat overlooking the Thames. 2 beds, double recep, kit, bath, private parking, balcony.
Wimbledon Office: 0-946 3446

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Company Notices

ORIFLAME INTERNATIONAL S.A.

Société Anonyme

Registered Office: 3, Avenue Pasteur, 2311 Luxembourg
R.C. Luxembourg B8835

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Oriflame International S.A. will be held at 3, Avenue Pasteur, 2311 Luxembourg on Wednesday 6th May 1987 at 11 a.m. to transact the following business:

1. Approval of the reports of the Board of Directors and the Statutory Auditor respectively.
2. Approval of the balance sheet and the profit and loss accounts as at 31st December 1986.
3. Approval of the issue of warrants and the payment of dividends out of profits, current or brought forward, and free reserves.
4. Discharge of the Directors and the Statutory Auditor in respect of carrying out their duties during the fiscal year ended 31st December 1986.
5. Election of Director and Statutory Auditor.

The issue of warrants referred to in Item 3 above is explained in a circular dated 7th April 1987 which has been sent by post to registered shareholders. Copies can be obtained from de Zoete and Bevan Limited, Ebbgate House, 2 Swan Lane, London EC4R 3TS. At the meeting the directors will recommend that each shareholder may elect to receive a warrant to subscribe for 1 Oriflame share of £1 for each existing 10 shares of Oriflame held at 3 April 1987 and a final dividend of 10p per share and that shareholders who do not make the election will receive a final dividend of 18.5p per share.

Shareholders wishing to elect to receive the warrants must complete and return the form of election, which is contained in the circular, to Banque Indosuez Luxembourg S.A., 39 Allée Scheffer, 2520 Luxembourg not later than 5th May 1987. Shareholders who do not make the election for warrants will receive no warrants and will be entitled to a dividend of 18.5p per share.

NOTICE OF EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting of Oriflame International S.A. will be held at 3 Avenue Pasteur, 2311 Luxembourg on Wednesday 6th May 1987 at 11.30 a.m. to transact the following business:

1. Approval of the change in the year-end of the Company from 31st December to 31st March.
2. Approval of the change in the date of the Annual General Meeting to the first Wednesday in September.
3. Approval of an amendment to the articles of incorporation so that each existing share in the Company becomes a share of no par value.
4. Approval of a stock split whereby each existing share in the Company shall be changed into four shares of no part value and instruction to the board to implement this decision by registration of the consequent number of shares in the registers of shareholders and the exchange of existing bearer share certificates against new certificates, consequent amendment of the articles of incorporation.

The Board of Directors,
Jonas af Jochnick

Luxembourg 7th April 1987

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN

KOMATSU LTD.

EDR holders are informed that Komatsu Ltd has paid a dividend to holders of record December 31, 1986. The cash dividend payable is Yen 4 per Common Stock of Yen 50.00 per share. Pursuant to the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 35 for payment.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a Country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt	F.R. of Germany	Malaysia	Singapore
Australia	Finland	The Netherlands	Spain
Belgium	France	New Zealand	Sweden
Brazil	Hungary	Norway	Switzerland
Canada	Indonesia	Poland	United Kingdom
Czechoslovakia	Ireland	Rep. of Korea	U.S. of America
Denmark	Italy	Romania	Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after July 31, 1987. Amounts payable in respect of current dividends:

Coupon No. 35 EDR denomination	Gross Dividend	Dividend payable Less 15% Japanese withholding tax	Dividend payable Less 20% Japanese withholding tax
1 share	\$0.027434	\$0.023319	\$0.021947

Depositary:
Citibank, N.A.
336 Strand, London, EC2R 1HB

April 15, 1987

Overseas Property

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COMPANY ANNOUNCEMENT

EAST RAND GOLD AND URANIUM COMPANY LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 71/07001/06

15.5 PER CENT UNSECURED CONVERTIBLE DEBENTURES 1988/1991
CHANGE IN FIRST CONVERSION PERIOD

PROPOSED GENERAL MEETINGS OF DEBENTURE HOLDERS AND SHAREHOLDERS

One of the effects of the sanctions legislation adopted by the United States against South Africa towards the end of 1986 is that no US national may acquire capital in a South African company where such capital was issued after October 2 1986. There is a fair degree of interest in the company's shares by US nationals, and to assure such investors that their continued interest in the company will not cause them to breach US law, it has been determined that the only satisfactory way of identifying capital issued subsequent to October 2 1986 would be to constitute such capital as a distinctive and separate class of share which at the same time carries essentially the same rights and privileges as the existing equity capital, of which it properly is part. Accordingly, separate meetings of shareholders and debenture holders are to be convened in regard to the proposed creation of a new class of shares, to be known as "S ordinary shares". This new class will carry the same rights as to voting, dividends and distribution on a winding-up as the existing ordinary shares, but in order to give it the element of difference required for it to qualify for registration as a separate class, the S ordinary shares will carry an additional preferential right to a payment of one cent a share in the event of the company being wound up.

Of the unissued ordinary shares in the capital of the company, 2 870 000 ordinary shares of 50 cents each are reserved to meet the conversion rights attaching to the company's 2 870 000 unsecured convertible debentures. Provided the company's shareholders, at their general meeting, pass the special resolutions to be proposed in regard to the conversion of unissued ordinary shares into S ordinary shares, the *debenture holders, at their proposed meeting, will be asked to agree that* their rights to convert their debentures into ordinary shares be amended so as to provide instead for conversion into S ordinary shares of 50 cents each, carrying the rights as set out at the end of the previous paragraph.

Circulars convening the necessary meetings of shareholders and debenture holders are at present in course of preparation, and are expected to be despatched during May 1987.

POSTPONEMENT OF FIRST CONVERSION PERIOD UNTIL JULY/AUGUST 1987

The first conversion period, during which debenture holders will be entitled to convert 50 per-cent of their registered holding of debentures into shares, was originally the period May 29 1987 to June 26 1987. These dates were based on the assumption that the company would be able to post its annual financial statements in respect of the year ended March 31 1987 by May 31 1987, thereby enabling debenture holders to make a conversion decision on the basis of the latest available financial information of the company.

The decision to take the measures outlined at the beginning of this announcement in order to meet the problem posed by the United States sanctions legislation has complicated the preparation of Ergo's annual financial statements for the year ended March 31, 1987, which will now, as usual, be available in June 1987.

This is because the conversion rights attaching to the debentures depend upon the decision of shareholders and debenture holders in regard to the creation of S ordinary shares. Consequently it has been decided to delay, in the manner provided by the debenture trust deed, the first conversion period falling due in the year 1987 to the period July 9 1987 to August 7 1987.

Registered holders of the company's debentures will now be sent forms of application, on or before May 27 1987, for the conversion of up to a maximum of 50 per cent of their holding of debentures which they are entitled to convert during the year 1987. Such forms must be returned to the company's transfer secretaries, together with the certificates in respect of debentures which holders wish to convert, before the revised conversion period, in accordance with instructions which will be set out on the application forms. The date of allotment will be August 7 1987.

The second conversion period (in 1988) remains unchanged.

Copies of this announcement will be posted to all members and debenture holders at their registered addresses as recorded in the company's share and debenture registers.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: H. E. Phillips
Divisional Secretary

Johannesburg
April 15 1987

THE COMMERCIAL BANK OF THE NEAR EAST PLC

HOLDERS of Share Warrants to Bearer are informed that they will receive payment of the dividend for 1986 of 30p per share on and after 15th April, 1987 on surrender of Coupon 59 at the office of the Bank, Bankside House, 107-112, Leadenhall Street, London EC3A 4AE. Coupons must be left three clear days for examination.

N. M. PEGGIE
Secretary

107-112, Leadenhall Street,
London EC3A 4AE

Art Galleries

MARTYN GREGORY. "Tricorns and Turbans." - An exhibition of British portraits of the 18th and 19th Centuries. 6th April-2nd May 10 am-6 pm (weekdays); 10 am-1 pm (Saturdays). (Closed Easter Holiday.) 34, Bury Street, St. James's, London SW1. 01-389 3731.

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THE ARTS

Television/Christopher Dunkley

Worth tuning in to

You could argue that the most interesting things happening in television at present are all occurring behind the scenes: the plans for a radical BBC reformation; the move into satellites; the success of the independent-production argument which has surprised everyone, including the independents; the winning of a majority audience share by the BBC (50 per cent or more in four weeks of 1987, even before their regular spring triumph with the World Snooker Championships); and the Conservatives' preparation for a Green Paper on television. Such matters may not set the Thames on fire, but they seem more interesting than many of the programmes currently on offer.

Yet I suspect that this is really just another of those periods when all that is missing is a few—or even one—high-profile series capable of focusing our attention on the box. When a series such as *Heimat* or *Life On Earth* or *The Singing Detective* is running it adds lustre to everything around it so that the entire output becomes more attractive.

The fact remains that even in a poor period such as this, anyone who claims "There's nothing worth watching at the moment" is simply not looking carefully enough. Not a day went by last week without one programme at least which deserved attention, and on most days there were two or three:

Monday

The oddball American detective series *Moonlighting* on BBC2 which, with its mannered self consciousness, has never entirely won me over, goes right over the top and turns itself into a parody/rewrite of "The Taming Of The Shrew." The detective duo, David and Maddie, become Petruchio and Katerine. Arriving on a horse with BMW roundels on the saddle blanket, Petruchio declaims "To be or not to be—" but is told "Wrong play." He tries "Friends, Romans, countrymen" and the entire company bawls "Wrong play!" It is mostly on that level, and apart from a splendid rock number during the wedding it never really takes off and flies. But how refreshing even to try: just imagine *Juliet Bravo* daring to lapse into "As You Like It."

The evening also brings a repeat of "The Fastest Claw in The West," a beautifully filmed account of the hammer-claw mantis shrimp, in BBC-1's *Wildlife On One*.

Tuesday

For many the important programme is presumably ITV's *World Championship Boxing* even though it ends with the wrong result (it should surely have been declared a draw).

But BBC-1 brings us the sixth and final episode of *Tutti Frutti*, a drama series which has proved again that the episodic nature of so much television can be both a strength and a weakness. The form can bring the audience back again and again, but it can also fragment the work, and if the main power is not in narrative but in character, atmosphere, nuance and social comment—as it was here—the weekly hiatus can be damaging. For instance, although the potency of the Danny McGlone/Suzi Kettles relationship was pretty clear from the start, this was not true of the Eddie Clockerty/Janice Toner pairing. Now that we can see just how good *Tutti Frutti* was it deserves a repeat and I am surely not the only one who would welcome a "Nicholas Nickleby" style showing of the entire work in one day.

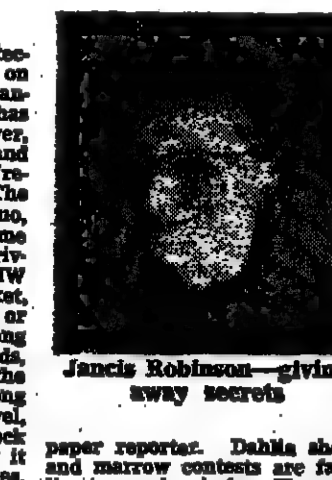
Wednesday

The opening episode of *Ballerina* makes pretty viewing and brings some impressive dancers to the screen. But is this series going to do something that *The Magic Of Dance* did not? And is the BBC putting enough money into dance itself as well as into analytical programmes about dancing?

The bravest programme of the day—and probably the week—is David Darlow's *The Sword Of Islam*, a two-hour documentary on ITV, which attempts to chart the resurgence of Islam, explain the social origins of Muslim fundamentalism, and even to describe the manifold extremist sects in Beirut. The subject is huge and, by its nature, difficult to bring to the screen except in the crash-bang-wallop form of shocking newsreel clips. This difficulty is not entirely overcome (anyone reading Anthony Daniels' contrastingly impressionistic article in the current "Spectator" will find quite a lot that was not mentioned in ITV's two hours) and yet the programme is invaluable to those of us who previously knew virtually nothing about the subject.

Thursday

This week's *40 Minutes* on BBC2 is one of those marvellous accounts of British idiosyncrasy at which this series excels. John Alexander details an obsession which I had never heard of, even in my days as a local newspaper reporter. Dahlia shows and marrow contests are familiar to me, but before Thursday the cultivation of the giant leek was a closed book. It seems that this passion is centred upon Durham—and passion is the word. We meet men who spend 12 hours a day in their allotments pampering these giant vegetables, numbering the leaves, measuring them from root to "button," and even playing music to them. The programme turns out to be a tragedy: the allotment belonging to the delightful elderly man who wins The World Open Leek Championship is raided a few weeks after his success, all his leeks are stolen, and the bleak closing caption states that after 37 years he will never compete again.



Jancis Robinson—giving away secrets

Friday

The two programmes which had sounded most promising tonight are, indeed, disappointing. Some of the most memorable editions of BBC2's *Arena* have had least to do with conventional arts subjects: the programmes on the Ford Cortina and the hit song "My Way" come to mind. So today's episode on chat shows seemed promising, and sure enough it opens with a wonderful clip from *In Town Tonight*, which I remember only as a radio series. There are other collectors' items from the archives such as Ralph Richardson destroying the ethos of the Russell Harty show by ignoring the guest's chair and peering behind the drapes. But it seems that research is this programme's only strength.

Gus Macdonald, a clever choice for studio chairman since he would not be in the least over-awed by Frost, Harty, and Kenneth Williams, might have organised a truly telling discussion, but is not given a chance. The programme never asks why chat shows are so popular, it never delves into the truth of the business—the package deals put together by the PR companies. It is a succession of wasted opportunities.

As for *Callaghan*, the first of a series on C4 in which the former Prime Minister is interviewed by Brian Walden, it proves what an impressive and incisive mind has been lost to politics. That of Mr Walden. Bluff Jim is at his most smarmy, banal and uninformative.

Saturday

The new puritanism of the younger generation of comedians as seen in the last of the present series of ITV's *Saturday Live* is becoming a little chilling. It seems that in their eyes you simply cannot make jokes about women any more (unless they happen to be Conservative prime ministers) because, well, women have been exploited haven't they? Unlike men. Still, *Saturday Live* is so vastly improved, with Ben Elton as the regular presenter, and the middle aged dead weight from the first series cut out, that it must surely have earned the right to another run.

Jancis Robinson's new series of *The Wine Programme* on C4 is as good as the last one, which is saying a lot. However, wine experts are becoming as bad as travel writers, giving away secrets to all and sundry. Of *course* dry sherry is vastly superior to sweet, and perhaps it is something of a bargain — but the thing to do is keep very, very quiet about it. Jancis will have the Camden Town irregulars demanding Tio Pepe to add to their cider next.

Sunday

Peter York, co-author of the "Sloane Ranger Handbook," is a man who likes ot appear as a gadfly but who has some rather serious things to say about the British character in general and British design talent in particular. Who better to give the *South Bank Show* lecture on design. It might have been best either to stick to a wholly conventional lecture or to go for full television back-up, rather than the compromise of a few newsreel clips, but what York has to say is fascinating.

I still find the ratio between standing about and action in televised golf (and the resultant glut of background chat) insupportable and consequently switch away quickly from *The Masters*. But the new season of *Grand Prix* on BBC 2 is going to hook me, I suspect, even though Prost was allowed to win tonight's race far too easily.

If there is nothing to watch, why are we currently spending an average of 26 hours a week in front of the screen . . . before the snooker has even started?

Booker Prize panel for 1987 announced

The chairman of the judging panel for the 1987 Booker Prize for Fiction is the crime writer P. D. James. She will be joined by Selina Hastings and Allen Massie, both writers; Trevor McDonald, of Channel 4 News; and John Thompson, director of Radio for the IBA.

The judges will meet in September to choose a short list of six novels. The Prize, established in 1969 at £5,000 and now worth £15,000, will be awarded on October 29.

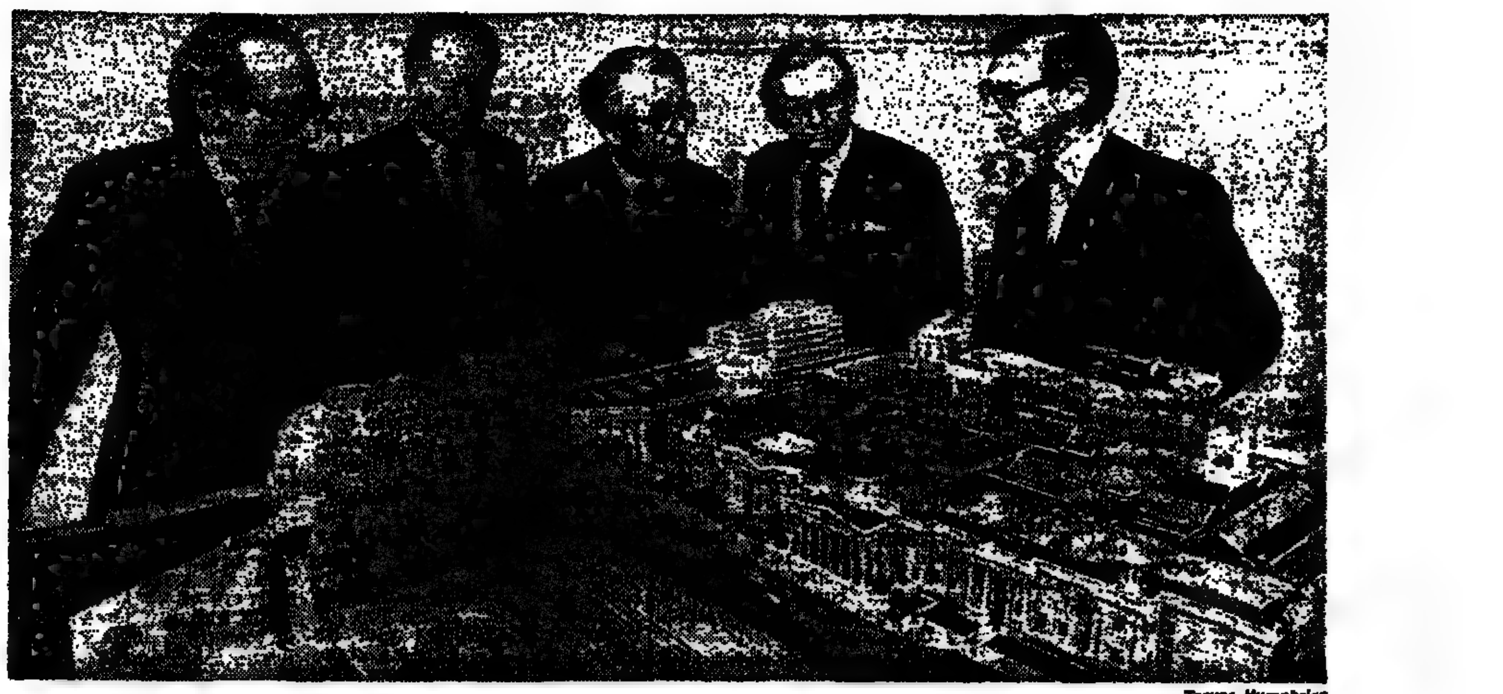
The National Gallery Extension/Paula Deitz

The presence of the past prevails

Before taking up questions of suitability and context with regard to the Venturi, Rauch and Scott Brown design for the National Gallery's Sainsbury Wing, it pays to remember Ruskin's comment on the Gallery itself: the mistake of our architects in general is that they fancy they are speaking good English by speaking bad Greek." Yet even with its recycled (too short) colonnade of Corinthian columns from Carlton House, the Gallery, as an example of English classicism with its rhythmic procession of columns and pilasters, is now in the position of representing tradition, and not a deviation from it.

Robert Venturi's own early views on incorporating architectural tradition in contemporary design stem from ideas expressed by T. S. Eliot in his essay *Tradition and the Individual Talent*—"The historical sense involves perception, not only of the pastness of the past, but of its presence," Eliot wrote. Lutyens understood this presence when he went to America to visit Colonial Williamsburg before he designed the British Embassy in Washington. But little did Venturi know when he wrote about Blenheim in his treatise, *Complexity and Contradiction in Architecture*—and about how the bays inflected toward the central pavilion would be but fragments on their own—that over 20 years later he would seek a similar solution. Although his extension in his words "inflects towards the old," on its own it would appear an incomplete fragment—or as he described it at yesterday's press view, "a coda, both a continuation and an ending."

This may seem an obvious solution, but in the now controversial history of proposals for the Hampton site, previous designs had established quite recognisable separate identities. Though some may have been good examples in themselves of an architect's style, the finished buildings would have intruded in that harmonious circle that has developed around Trafalgar Square. The way the Sainsbury brothers, Sir John, Simon and Timothy, came forward as patrons to initiate a fresh search, and eventually fund the results, recalls in spirit how one trustee in the 1830s succeeded in persuading William Wilkins to suggest over other completed designs an acceptable solution for the long narrow difficult site of the Gallery itself. Headed by Simon Sainsbury, the search committee also had the benefit of advice from Ada Louise Huxtable, former architecture critic of *The New York Times*, and from the FT's Colin Amery—who therefore will not comment on the proposal at this time.



Trevor Humphries

Simon Sainsbury, Jacob Rothschild, Robert Venturi, Sir John Sainsbury and Timothy Sainsbury with the model for the new Sainsbury Wing

To delay no more, the Sainsbury Wing has Corinthian pilasters, which begin in the same corner cluster with balustrade and dentils above as the corner of the National Gallery across Jubilee Walk. But then as they accelerate in syncopated rhythms rather like a runoff of pilasters, the other classical details begin to fade and a final note is sounded by a solo half column extending beyond the pilasters. This is a focal point of the facade which harmonises with the Wilkins' portico.

The height of the entablature and parapet of the wing matches that of the Gallery, as do the upper blind windows—and all of this is in Portland stone. But in his manner of layering, this is an extended facade which conceals like a painted drop cloth at the theatre the real scene behind. In use it will function like a portico with its sense of creating an outside still within the precincts of the Gallery.

Venturi's apt phrase "the popular art museum is the centre of town" is a commentary on the contemporary role of museums as entertainment centres and meeting places if not department stores—only a third of the Sainsbury Wing is devoted to art. Though one cannot completely condemn museums for earning badly needed income, one applauds Venturi for giving the visitor a choice, for the grand ceremonial staircase rising along the whole Eastern wall of the museum also functions as a bypass around the commercial amenities and is a direct route to the main galleries on the upper floor.

Once there, one has all the pleasure and satisfaction of being in Soane's Dulwich Picture Gallery—first in the galleries on the east-west axis that connect over a circular bridge to the galleries of the main building and that narrow in the distance in a Renaissance false perspective—but particularly in the north-south galleries, where one looks through a series of diminishing arches revealing paintings visible in the distant rooms.

Following the theory of "why change it if it works," these settings, neither slavishly palazzo not ultra anonymous modern, provide the proper scale and ambience for the Gallery's collection. One hopes, regardless of the surface texture and colour of the walls, that they will consider if not gilding at least treating the edge of the arches as at Dulwich — for that touch sharpens the perspective. Like Dulwich, the galleries will be top lit in an improved arrangement of skylights over clerestories in a system which will positively differentiate between indirect daylight and incandescent light as required. These will be augmented on some days by spot lighting.

Off the main staircase, the mezzanine landing leads to a coffee bar, a computer-based information room, and the main restaurant overlooking the activities of Trafalgar Square through tall windows, while downstairs in the basement will be located the lecture theatre and temporary exhibition galleries, which will play a major role in the gallery's activities. Many who know Venturi's and his partner Denise Scott Brown's admiration of Las Vegas-style signage will be relieved that there are no neon lights in the Sainsbury Wing, but there will be signs incised into the articulated Portland stone interior walls—some listing the names of the Early Renaissance artists.

If the design has weaknesses, it is not in the complexity of its fragments but rather in the blankness of the brick walls over stone bases on the Whitcomb and St Martin's Streets' sides. One would hope for more expression—perhaps some patterning in the brick work Venturi does subtly and well. A few windows are interrupted by a series of small painted cast iron columns, reminiscent of Victorian market halls. Also, in approaching the rear of the building from Leicester Square, one has not a clue from the wide ventilator in a blank wall of the service tower what if anything is happening on the other side. Even a group of trees cannot conceal this lack of refinement.

Venturi himself says more attention to certain detailing is still to come. In the main, though, the fragments and diversity of design create a unified gallery experience that is both intelligent and enjoyable. In fact, one already has the impression, after seeing the model, of its always having been there, balancing at the other end the south wall of St-Martin-in-the-Fields. And at night its Paxton-style glowing glass roof rising above the parapet will cast a magical glow across the square—a distinctive and harmonious presence, yes, and maybe, in Ruskin's phrase, "good English" too.

A public exhibition of the models and drawings and of Robert Venturi's informal sketches is on view at the National Gallery until May 10.

Every Man in His Humour

Martin Hoyle

One of the productions that set the seal of success on the new Swan in Stratford-upon-Avon has reached the Royal Shakespeare Company's newest London outpost, the Mermaid in Puddle Dock, Blackfriars. Michael Coveney gave it a warm welcome in Warwickshire last summer; and, sure enough, it proves an impeccably-performed company effort without a weakness anywhere.

Except possibly in the play, that is. An hour and half into the action and we are still meeting new characters in Ben Jonson's broken-backed chronicle of a sprawling *folle journée* in Jacobethan London. The slenderest thread of narrative plot almost snaps with the tension of knotty digressions and tangled sub-plots; and the author almost cynically allows the skein of cross-purposes and misunderstandings to be unravelled — rather than reaching natural resolutions — by Justice Clement (Raymond Bowers) in the manner of a 17th century Poirot with all the suspects lined up before him.

John Caird's production does the work proud. Simon Russell Beale's resemblance to the accepted likeness of Jonson is used as a framing device to add depth in the climactic, and suddenly serious, panegyric to poetry. The director's gift for adding an unexpected dimension, even to Jonson's exhausting and not too cohesive parade of grotesquerie is beautifully illustrated after loud-mouthed Captain Bobadill (Pete Postlethwaite) has been thoroughly trounced and lies, humiliated, on the ground. His admirers hang their heads in embarrassment and disillusionment, and a Jonsonian caricature fleetingly acquires painful humanity.

Never mind the cumbersome setting-up of plot or rambling exposition; feel the characterisation. Beautifully acted, the production throws up such gems as Henry Goodman's jealous husband, twitching with paranoia and throwing quick glances over his shoulder between utterance of staccato lines. In a uniformly accomplished ensemble one can only cite particular favourites. Paul Greenwood's self-important mooncalf, pulling up his stockings and aping, wide-eyed, the Captain's military oaths, is irresistible; Philip Franks's plagiaristic poetaster is unexpectedly touching; and Nathaniel Parker's practical joker, his humour barely concealing a soured impatience, hints fascinatingly that other, greater, manipulating malcontents from our theatre are already within this authoritative young actor's grasp.

ICA's Home Work season

Claire Armitstead

The ICA's Home Work season of new British theatre is proving a stimulating performance showcase, which rightly raises as many questions as it answers about the identity and value of artists in the front line. Faced with one of the species, all sorts of critical restraints impose themselves: am I out of touch, out of sympathy, or simply out of my depth? Seeing several in a short time enables one to make judgments based on the comparison, if not of like with like, then at least like with dislike.

Take the double billing of Ralf Ralf with Annie Griffin, the former comprising Dartington-trained brothers Barnaby and Jonathan Stone, the latter a solo act. In *The Summit*, the brothers Stone take their audience through the grunts and gutterals of negotiation, but with language refined to an essence of table-thumping and pulpit-bashing, of finger-walking towards a bargain and then jerking bodily away from one.

These are graceful, accomplished performers who circle each other like caged beasts, or simply, like politicians. The character of each is clearly developed (a touch of Reagan here, a dash of Kinnock there) within a framework that pulls irresistibly towards patterns of music and dance.

Like Pat Van Hemelrijck, the Belgian mime artist and discovery of this year's London International Mime Festival, whose *Terracotta* — reviewed on this page in January — told the story of evolution in an earth-bottomed tank strewn with ephemera, the brothers Stone manage to render their material accessible, encouraging rather than bullying their audience into accepting their terms.

Annie Griffin contrasts with both in that she speaks a story, and a ripping nautical yarn at that. Sub-titled A Melodrama in Several Parts, this is the tale of *Blackbear the Pirat*.

Again Van Hemelrijck springs to mind, since in their very different ways both these artists are simultaneously telling a story and setting an emotional scene that is linked and yet distinct from it. In *Terracotta*, Van Hemelrijck played an eccentric "deity" who makes and breaks his trivia universe while running the gamut of strictly human feelings stemming from loneliness. Annie Griffin, in telling a story that embodies the worst excesses of machismo, develops a persona that is roundedly, endearingly female. Her tale of butchery on the high seas is interrupted by little snippets of information about her dress (a fine black velvet and diamante number inherited, so she says, from her great grandmother). She painstakingly illustrates the geography of Blackbeard's Caribbean haunts by sprinkling sugar on the floor, and festoons white wool from a line to depict the fates of various ships of the day. It is a wonderfully detailed and textured performance from a performer about whom I'm sure we will be hearing a lot more.

Endymion Ensemble/St John's

Dominic Gill

Monday night's Endymion Ensemble concert was devoted largely to British premieres of chamber works from Finland. The opening work was not a premiere—although the music of Bernhard Henrik Crusell, an older Finnish contemporary of Schubert, is not often played here. His clarinet quartet, dating from 1821, revealed only fitfully the "sensibility akin to Schubert's" promised by our programme-note: a charming piece nonetheless, whose sensibility is perhaps nearer kin to Weber's (as it happens Crusell and Weber were actually friends).

Erik Bergman's *Silence and Eruptions* for nine instruments is a neat, almost Zen-like investigation and contrasting of sounds near the boundaries of audibility with sounds substantial and strident. It's an exceptionally lively and exploratory essay for a composer now in his mid-70s — even if the whole does not add up to a great deal, the parts add up to a remarkable demonstration of enthusiasm for and confidence in postwar non-serial atonal idiom.

In the programme's second half, as well as the British premiere of a Concerto for violin, clarinet, horn and string sextet by "Finland's Frank Bridge" Aarre Merikanto (1893-1958) — shapely, polished — we also heard *Zona* by Magnus Lindberg, who was born in the same year Merikanto died. Scored for eight instruments, *Zona* is distinctly anonymous, all busyness, and rhetoric, and flamboyant gesture, powerfully redolent of the young French movement of the early 1970s. At around 25 minutes long, it overstayed its welcome by the power of two.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 10–16

Theatre

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit.

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Woman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

The House of Bernarda Alba (Globe): Lorca's last tragedy in a successful production transferred to the West End from Hammersmith. Nuria Espert, veteran Spanish actress/director, has drilled a high-calibre cast led by Glenda Jackson and Joan Plowright into a near-authentic portrayal of steam frustration in an all-female household oppressed by both traditional catholicism and the peasant class system. Ultimately it's all a bit British, but the company provides a roll-call of some of the best actresses around – all eclipsed by the ineffably touching Julie Legrand. (437 1592).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture of feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

The Mystery of Edwin Drood (Imperial): Rupert Holmes's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

The Mikado (Virginia): The highly praised and well received Stratford Ontario production brings Gilbert & Sullivan back for an encore on Broadway. Ends April 19. (977 9370).

Les Misérables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

WASHINGTON

Ourselves Alone (Arena): American premiere of Anne Devlin's drama of three women trying to balance personal and political conflicts in Northern Ireland stars John Leonard, Heather Ehlers, Randy Danson and Christina Moore, directed by Les Waters. Ends May 10. (488 3300).

Kennedy Center: Imagination Celebration 1987, a nearly month-long pageant of mime, music and dance centres round a production of A Child is Waiting, about disabled children, along with two presentations of the myths of North American Indians. Ends April 29. (254 3600).

TOKYO

La Tragédie de Carmen: Peter Brook's renowned original production. The Peter Brook Company directed by Brook has been chosen to open Tokyo's newest theatre, the Ginza Saison. By eliminating the usual opera fillers and distractions, concentrating on the main characters and convincing acting and relegating the (conductor-less) orchestra offstage, Peter Brook's version ensures that nothing interferes with the drama and realism. In the five years during which this Carmen has been seen in Europe and the US, Japan has campaigned for its performance here. But Brook rejected every suggested venue. This unlikely modern theatre was accepted because of its flexibility. The newest cultural jewel of the Seibu Group is so deceptively converted into an arena space, complete with red sand floor and plain high walls that it has been made to look like Brook's Paris base, the famed, gutted Théâtre des Bouffes. Other innovations include the civilised 7.30 (8.00 at weekends) start and restaurants for after-theatre dining. Ginza Saison Theatre (535 0556; 980 0066).

Salome by Richard Strauss. Berlin National Opera. Orchestra conducted by Siegfried Kurz. Double cast includes: Herod – Günther Kurth, Peter Jurgen-Schmidt; Herodiades – Gisela Schroeter, Zsuzsa Misura; Salome – Eva-Maria Bundschuh, Cynthia Makris; Jochanaan – Ekkehard Walschiha. Set by Wilfred Werz, directed by Harry Kupfer. Tokyo Bunka Kaikan (Wed, Thur). (262 7141).

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Wednesday April 15 1987

Making room for Turkey

ARGUMENTS for rejecting Turkey's application for EEC membership are not hard to think of, yet it is unthinkable to send the Turks away with a flat no.

It is true that only a small part of Turkey's present territory is on this side of the Bosporus, where—according to generally received wisdom—the European continent ends and Asia begins; and that Turkey belongs to the Islamic world. But it is also true that Turkey was for centuries a major European power; and that since the 1920s Turkey, while remaining Moslem, has treated religion quite differently from any other Moslem country, seeking to confine it to the private sphere as Western states have done to Christianity. It would be difficult for a Community composed of secular states, many of which now have sizeable Moslem minorities, to refuse Turkey's application on the grounds that Turkey has never been Christian.

Long process

There are serious doubts about Turkish democracy in its present form. Things have certainly improved since the period of direct military rule, but civil liberties remain much more restricted than in any West European country.

Those would certainly be powerful arguments against admitting Turkey now, without conditions. But the process of examining an application for membership is a long one, and a final decision does not have to be taken until the end of it. *That means there is going to be* a long period during which Turkish governments—and the Turkish armed forces—will have a strong incentive to maintain the momentum of liberalisation. EEC membership has helped to stabilise democracy in Greece, Spain and Portugal. It could do the same for Turkey.

Much the same goes for the fear that the Community would suffer from Greco-Turkish conflicts. Knowing as they do that their application must in the end be subject to the veto of any one existing member state, the Turks in making it are voluntarily subjecting themselves to Greek leverage in a surprising way. If the Greeks, helped by their partners, respond constructively, the next few years could provide a unique opportunity for resolving these conflicts.

All that is without mentioning the economic problems that must beset an attempt to integrate into the European market an economy of 52m people whose per capita income is barely half that of the present Community's poorest member. Clearly envisaging Turkish membership must mean that we no longer think of the Community as a set of financial arrangements for redistributing resources among member states.

Free access

As for trade, although the Ozal government has taken important steps to open the Turkish market to imports of goods and capital, most Turkish industries are far from being ready to meet the full force of European competition, while the Community for its part is most unwilling to allow free access either to Turkish textiles or to Turkish labour.

Clearly both sides will want transitional arrangements, but in the long run both should benefit from a freer market in goods and labour. The West German economy has already benefited extensively from Turkish migrant labour, and one positive effect of Turkish membership would be to give the *gastarbeiter* a more secure status.

It is indeed a formidable agenda of problems to overcome. But the prize—a stable, prosperous, democratic Turkey, firmly anchored in Europe and *in the Atlantic alliance*—is surely well worth the attempt.

Local finance in a mess

THE IDEA of making a speech which would simultaneously frighten Labour-controlled local authorities in Britain, and the Japanese banks which, have increasingly been financing them, has clearly been too tempting for the Environment Secretary, Mr Nicholas Ridley, to resist. He has denounced local authorities which have been capitalising their expenditure to escape Government restrictions, and warned the banks that this borrowing *is* not Government-guaranteed.

However, he has quickly been reminded that those who live in glass houses throw stones at their own risk, even when their aim is to kill two birds at once. His Labour opposite number, Dr John Cunningham, has quickly riposted with official figures which show that the Government's proposals for the future financing of local expenditure through a uniform community charge are unworkable.

In inner city authorities, and in inner London especially, the charges are implied for families just above the poverty line are absurd. In Camden, for example, which is the worst case, the weekly charge for each member of a household above the age of 18 would be nearly £15.

Baroque complications

This is nearly twice the current average rate bill in this heavily-taxed borough, and a much higher multiple of the charge now collected from low-value dwellings — a charge which is in any case reduced for low income ratepayers. The only likely result is summed up in the title of a recent play by Dario Fo: Can't pay, won't pay.

It would be quite impossible in this space to explain all the Baroque complications which have led to distorted financing by local authorities (not all of them Labour-controlled) and to such clearly unacceptable results. Even the sketchiest analysis, though, shows large faults on both sides.

The Treasury's share of the mess—assuming that the Treasury *obsession with* controlling elected local bodies is justified at all — lies in a system which persistently bears more heavily on capital than on current expenditure. It is not surprising if authorities resort to such ordinary business practices as sale and leaseback if this makes it possible, for example, to rehouse homeless people kept in hotels at council expense.

The Department of the Environment has geared up this incentive with a grant system in which central government support is actually reduced as expenditure passes an officially determined target. This means that authorities over the target can actually attract quite substantial sums from the Treasury by deferring payments.

However, it would be absurd to pretend that all the expenditures protected by creative accounting are worthy ones. The most persistent sin of Labour-controlled local authorities is charging laughably low rents for council-owned housing.

These rents not only imply a burden on the ratepayers, but they make it very difficult for council tenants to move house in search of work. Realistic rents would not in any case cost the poorer tenants a penny, since they are supported by housing benefit.

Some authorities are also very bad managers, to put it mildly—a prey to waste, silly projects and union malpractices. An official efficiency audit may be needed to protect their ratepayers.

Questionable targets

Official target-setting is also questionable. For example, even Conservative inner-city councils find themselves constrained to overspend drastically, by official standards, on social work. The budget of the Inner London Education Authority also "overspends" by some £1,000 per *pupil, and this one* anomaly is largely responsible for the absurd community charges threatened in inner London.

In short, there is much hard, detailed work to be done before the control of local budgets, both in town halls and in *Whitehall, is sufficiently* rational to produce tolerable results or to justify threats to banks engaged in perfectly legal business.

FRENCH RAILWAYS SINCE THE STRIKE

Brake on a high-speed future

By David Housego in Paris

FROM a British standpoint, the prospects of the first French high speed train (TGV) cruising into Victoria in The 270 km an hour TGV, mean-three-hour journey from Paris offers an uncomfortable contrast in both technology and comfort.

With its own tilting Advanced Passenger Train abandoned, British Rail has been forced to concentrate upon the grim fight to curb losses, *rather than* dream of a new generation of Trans-European express trains. The 270 km an hour TGV, meanwhile, linking central Paris and Lyon in two hours, is working a revolution in French domestic travel.

There is, however, another, less sleek side to the Societe Nationale des Chemins de Fer (the French railways) which employs 230,000 people—probably 30,000 to 40,000 more than it needs. SNFC, which ran an operating deficit last year of around FFr 3bn benefits from an annual subsidy from the Government of FFr 36bn (£3.68bn) and is submerged in an outstanding debt of FFr 80bn.

The recent rail strike — the longest in French history — has also shown how risky it is to force the pace of change in such a centralised public sector organisation. Both the SNCF leadership and the Government of Mr Jacques Chirac had hoped to achieve a shake up in the structures of the French railways that would allow for more flexible and decentralised management and for pay increases to be made as much on merit as on age and seniority.

The strike has made it more difficult to achieve the target of eliminating losses by 1989

But — as was the case with last year's attempted reform in the universities — the changes, produced a backlash amongst the drivers and a more tenacious defence of established interests.

The strike has further sdoded freight traffic and made it more difficult for the SNCF to achieve its target of eliminating operating losses by 1989.

Since the war, SNCF has, like other railways, suffered at the *hands of road transport.* The number of rail workers has shrunk from a post-war peak of 500,000 to 233,000 last year. The volume of freight that the railways carries has dropped by 20 per cent over the last 15 years and its share of freight traffic has fallen from over 50 per cent to about 40.

France tried harder than most European countries to protect its rail systems. It limited the number of licences granted to road hauliers, and long-distance buses—apart from international tourist coaches—are still banned in France from competing on journeys between major cities.

On the freight side, these regulations proved of little avail. Many of the rules were sidestepped even before the decline in oil prices added to road transport's advantages. Road hauliers will also get a further boost from the heavier loads now being authorised by the EEC, and by the cost savings they are able to achieve *through increasingly sophisti*cated systems of computer organised cross frontier deliveries.

But on the passenger side, SNCF has truly succeeded in turning the tide. By spotting sooner than its European competitors—and exploiting more rapidly—the potential of a "second rail revolution" in giving high-speed trains an edge over air travel for inter-city journeys of up to three hours, SNCF has reversed the decline in passenger numbers.

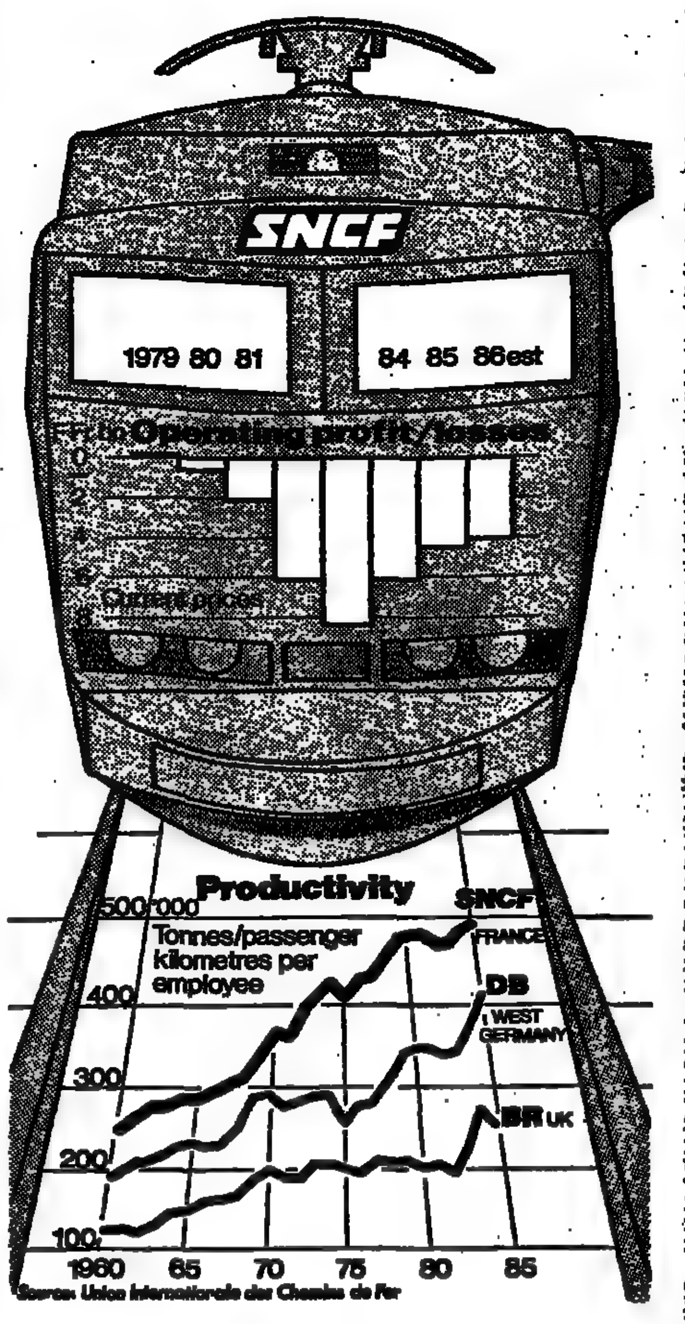
The south east TGV, linking Paris to Lyon, and then carrying through on conventional track to Marseilles, Dijon and Geneva respectively has en*joyed unexpectedly robust com*mercial success. It now carries 14m passengers a year—a 6m increase since 1982, of which 4m have been won from air and road, and 2m represent new traffic that the service has generated. Net profits from the service amounted to FFr 750m in 1985 (allowing for financial charges and depreciation) on a sales revenue of FFr 3.5bn.

TGV earnings are now flattening out because demand appears to have been saturated. But passengers and income will rise again when the TGV Atlantique connects Paris with Tours — and hence the capital with the Bordeaux and Brittany regions — in 1989-90. At the same time traffic will be improved by the construction of a loop line round Paris — speeding journeys between the north and west, and the south of the country — and passing by the Disneyland park being built to the east of the capital.

Passenger traffic could pick up further still with the construction of a northern TGV linking Paris and London as well as Paris with Brussels and Cologne. Doubts still remain over the financing of these projects, but there is little doubt that an embryo European high-speed train axis — linked to the German and planned Italian systems—is slowly slotting into place.

The SNCF believes that the other boost to passenger traffic will come from the commuter lines which cobweb the landscape around the major cities — Paris, Lille, Lyon, Marseilles and Bordeaux. Road access to these larger conurbations is already saturated.

The decline in freight traffic *seems more difficult to halt.* The railway's share—at 40 per cent —is still one of the highest in Europe and comparable to that of West Germany. French railways have the advantage of operating in the largest country geographically in Europe, giving some cost advantage for their long-haul, bulk, multi-wagon trains. They are seeking to boost this by increasing the speed and carrying capacity of their freight trains.



SNCF is also introducing a computerised system, ETNA, to provide for automated control of single wagon deliveries

In the 1970s, SNCF was investing about FFr 10bn a year —and still continues to make major improvements in electrification, track and maintenance.

All of this effort has proved difficult to convert into profits. True, SNCF, even with government-controlled fares, turned in a small operating profit.

Rail finances everywhere are extraordinarily treacherous, because accounting practices vary so widely. In the French case, operating accounts currently exclude an annual subsidy of about FFr 36bn. Of this FFr 14.8bn goes in supporting the retirement pensions of 490,000 retired railway workers

The bulk of the rest is compensation for providing cheap travel for a host of people from the war-wounded to the aged, and for maintaining uneconomic services at the state's request. It also includes a FFr 11bn grant in recognition that the railways, unlike road hauliers, have to build their own track and maintain it.

Since 1980, however, two major events have thrown the SNCF's long-term strategy off-course. The first was that the French railways—more than any other public sector organisation —felt the impact of the left's euphoria following President Mitterrand's 1981 election victory that recession and unemployment could be diminished by increasing public sector jobs. There was even a Communist transport minister, Mr Charles Fiterman.

In the three years 1981-83, the SNCF took on 35,000 more people—thus halting the decline in its workforce—at a time when freight traffic was still falling and when British and German railways were declaring substantial redundancies. The Deutsche Bundesbahn cut its workforce by 35,000 between 1980 and 1985, and British Rail by 66,000. At the same time, the Socialist government cut the working week, introduced a fifth week's paid holiday, and in 1981-82 agreed to generous wage settlements.

The result was that the SNCF's operating accounts, which had already registered a small deficit of FFr 674m in 1980, exploded with a deficit of FFr 6.1bn in 1982 and FFr 8.3bn in 1983. In a snowball effect, the company borrowed to cover its losses—raising money at rates as high as 16 per cent—thus more than doubling its debt from FFr 30.3bn in 1980 to FFr 74.2bn in 1984 and FFr 78.9bn last year.

Financial charges (expressed in 1986 constant prices) climbed from FFr 6.4bn in 1982 to FFr 11.5bn in 1984 before falling to FFr 8.5bn last year. It is the weight of this outstanding debt and the size of its financial charges that are currently the SNCF's most serious problem, because they allow no operational leeway to its management and cramp its investment prospects.

The second key event was the strike at the end of last year. For to get back to financial equilibrium—under the pressure of the government as well as its own management instincts—the SNCF began to pull in the reins. Reductions in the workforce were accelerated with some 8,000 leaving in 1985 and 10,000 last year while new recruitment fell from 2,000 in 1985 to 1,000 in 1986.

Salary increases were held down so that rail workers had had no increase from November 1985 (when they got an additional 0.5 per cent) to the time of the strike.

This tightening process coincided with attempts by the SNCF to initiate changes in working practice. The aim was to break away from the military-style organisation with which the French railways have been run giving rail workers more responsibility and involvement in decision-making.

The first step was a training programme to pave the way for the introduction of "quality circles," associating employees more closely with efforts to improve efficiency. As a back-up for this, the SNCF planned to introduce a more merit-related pay structure which had to be abandoned in the wake of the strike.

The new free market Minister of Transport, Mr Jacques Douffiagues, added his own voice to the pressure for change in declaring that the railways which have traditionally seen themselves as part of the state administration, should be run as a commercial organisation—without spelling out what he had in mind. He also in retrospect put the fuse to the gunpowder in calling into question the "perks" and bonuses that railwaymen have acquired over the years — including a working year of only 200 days.

The strike was thus a response to a combination of factors — the demoralisation provoked by wage and workforce cuts, the absence of promotion in a shrinking enterprise and resentment at change ill understood and badly presented. It brought to the fore traditional drivers' grievances over working *conditions* such as the timing of shifts and the sparseness of drivers' dormitories. It spread before either the unions or the management had grasped the extent of grass roots discontent.

In immediate financial terms the loss to the SNCF of the strike was FFr 1.5bn spread over the two years 1986-87. But, more damaging, the combination of the strike, the fall in oil prices (encouraging more people to use their cars) and a drop in the number of American tourists, has for the first time in some years provoked a drop in passenger traffic. It has also accelerated the decline in freight traffic which is likely to be 6 per cent down in 1987 on last year.

But there is still a futuristic gleam in the eye of most French rail executives

The SNCF has responded with the announcement of an additional 2,800 job cuts this year in addition to the 8,000 already planned. It is also seeking to win back passengers with new discounts in holiday periods on "charter trains" and improved first-class services. But the management has yet to generate any enthusiasm amongst railworkers for its more ambitious projects. The strike has left a heavy cloud of resentment.

None of this has dimmed the futuristic gleam in the eye of most French rail executives whose vision is of the SNCF being the fulcrum of a high-speed European network run by more qualified personnel but with a total workforce half that of today or less. It is a vision that is symbolised by ASTREE, the computer system that will eventually monitor and control the movement of every train on the French track.

But the technological problems are relatively easy compared with the difficulties of dealing with the railways workforce. "It is there that the great challenge lies," says one executive.

Men and Matters

On form at the Treasury

The cult of secrecy at the Treasury apparently knows no bounds. Officials emerging from three months of strict pre-Budget purdah have found any hopes of resuming normal contacts with the outside world dashed by a new secrecy edict.

The latest rules, which apply all year round and not just in the run up to sensitive policy statements, are designed to allow Robert Culpin, the Treasury's press supremo, to monitor every contact between Great George Street and Fleet Street.

Starting this month every official at the rank of principal or above has to fill out a weekly form, listing past and planned contacts with journalists and City analysts. The form — itself supposedly secret—covers contacts over the previous week and expected encounters during the next four.

The more senior officials are also responsible for ensuring that the contacts of their junior staff are meticulously noted. The forms are then to be sent off to Culpin and to the Treasury's top mandarin, Sir Peter Middleton.

They will thus be able to see at a glance just who is seeing whom and — presuming officials abide by the rules — to pinpoint the likely origin of unauthorised leaks.

It seems, however, that it is not only officials who will find their luncheon engagements under scrutiny. At least one minister has found that the Treasury's Clouseau-like enthusiasm for detective work has put him under the spotlight. The minister is said to have been investigated — and subsequently cleared—of letting slip a Budget secret.

'Shultz seems convinced that we're still bugging every word'

Nelson touch

For the first time since they were introduced three years ago, Lord Nelson himself presented the gold medals named after him and awarded annually to the more innovative among GEC's technical staff.

One of the latest goes to Prof Hugh Menown, aged 60, at English Electric Valve. An Ulsterman specialising in "pulsed power"—thunderbolts, you might say—Menown remembers "young George" accompanying his father, the late Sir George Nelson, on visits to the Chelmsford factory in the heyday of English Electric.

For Lord Nelson, who became its chairman until it was acquired by GEC in 1968, this was the last opportunity to present the medals as a GEC board member. He retires from the board this summer.

But he tells me he has no intention of retiring from the *technologies* which have dominated his career in engineering. He remains on the boards of two North American companies, Enserch in Texas, and Inco in Canada.

He is also chairman of a new House of Lords inquiry into medical research in Britain. Coincidentally, another of the Nelson medals this year went to Dr Ian Young, chief scientist of GEC's medical equipment company, Picker. Young has just built for the Medical Research Council one of the most sophisticated instruments ever devised for medical research.

News man

Government figures out today will show more progress towards the long sought-after target of unemployment below the 3m mark—and that would be a further pointer to an early general election.

Perhaps this prospect might have something to do with an unprecedented break with tradition, with Lord Young, the employment secretary, deciding to attend the briefing for journalists which accompanies the monthly publication of the offi*cial statistics on employment.*

Normally, the briefing is handled by civil servants, though it is far from a low-key affair. As the government's figures — and the repeated changes in their composition—have grown more complex, the briefings have turned into lengthy wrangles about what *the figures say, never mind* what they mean.

The public aspect of such hot debate has turned into sharp criticism from Labour, the unions, and outside bodies, of the official figures—criticism which stung Lord Young this week into acidly replying to Norman Willis, TUC general secretary, that a particular union attack on the figures, "borders on the disgraceful."

TV and radio journalists have long had the opportunity to question ministers directly about the figures. But the often more specialised reporters from the print media have not enjoyed such access. Lord Young's move—whether it be one-off, temporary, or permanent—changes all that.

Biff and biscuits

Trade and the services will meet head on next month when senior officers from the Navy, Army, and Air Force will meet senior managers from industry, commerce, and the public services at a conference organised by the Industrial Society called, in hope, "Learning from each other."

Conferences are now normal fare for many senior business executives. But the gathering at the Army's staff college, Camberley, may be just a little out of the ordinary.

For instance, as the participants arrive they will be met by something other than eager helpers handing out lapel badges—to whit, the Duke of Kent's Band from the Royal Regiment of Fusiliers, conducted by Bandmaster WO1 (BM) S. J. Smith.

The sessions look equally colourful. A brigadier and a lieutenant colonel will join captains from British Airways on selection; a Royal Navy commander and a captain will share a platform with a marketing manager from Stewart Wrightson on appraisal procedures; and an RAF wing commander will link with a personnel director from United Biscuits to talk about training.

As if all that wasn't enough, the programme for delegates states militarily that the Corps of Drums, the 2nd Battalion the Royal Regiment of Fusiliers, will be on hand to ensure that, "lunch will be concluded with a Victory Beat."

Down and out

What is the difference between a Texan oil man and a pigeon? The pigeon can still make a deposit on a Mercedes.

Observer

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Richard Ellis
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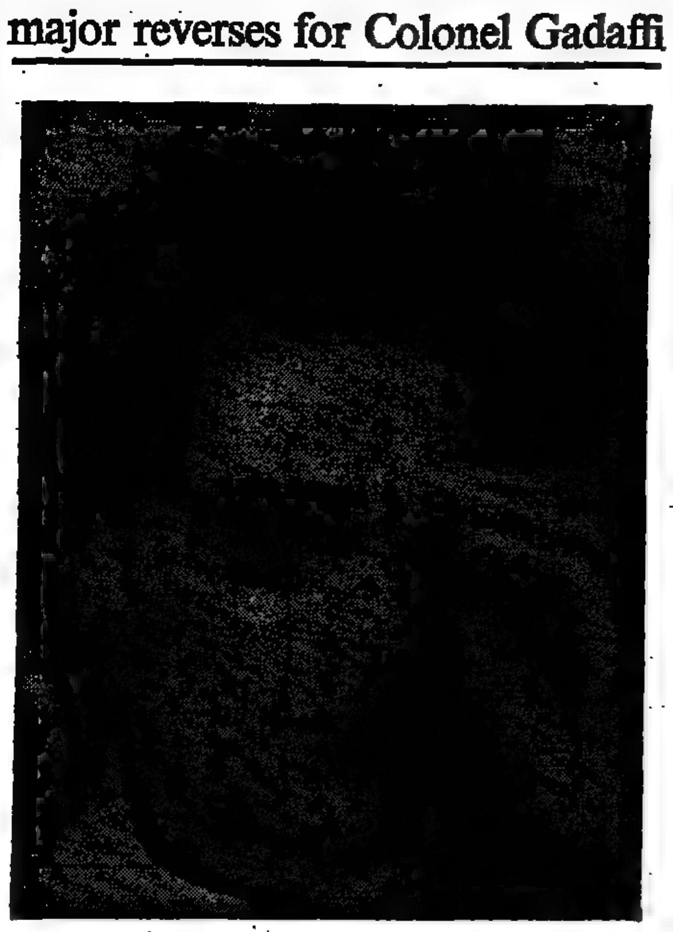
Tony Walker finds that the 12 months since the US raid on Libya have brought major reverses for Colonel Gadaffi



Dead ends in a game of bluff

A YEAR AGO today American F111 bombers streaked across the Libyan coastline to attack strategic positions, including Colonel Muammar Gadaffi's headquarters in Tripoli, in an apparent attempt to eliminate the country's idiosyncratic ruler.

Correspondents in the Libyan capital were awakened in the early hours of Tuesday April 15 by the thud of bombs and frenzied bursts of anti-aircraft fire, illuminating the sky over the waterfront.

The raid lasted a few minutes, then Tripoli was plunged into darkness. The US had gambled on being able to "take out" the Libyan leader or, failing that, further to destabilise his unorthodox regime.

It was to be the start of a difficult 12 months for Colonel Gadaffi, but it is doubtful if the American raid contributed much, if anything, to mounting pressures on his government. Initially, it may have rallied internal support.

Libya's leader has in the past year suffered major reverses in Chad, increasing signs of unrest in his armed forces and recriminations over economic policy. Serious shortages continue in state-run shops, the country remains estranged from most of the Arab world and surrounding states no longer see him as so much of a threat. The oil price slump had, in any case, robbed him of a potent weapon—cash.

The rout of Libyan forces at their Ouadi Doum base in northern Chad on March 22 by highly mobile Chadian troops, armed by the French and Americans, was a humiliating defeat. The Chadians quickly took control of the large air base and a quantity of Russian equipment, including surface to air missiles and tanks.

Ouadi Doum had been used as a logistics centre from which to launch raids against the forces of Chad's leader, Hissene Habre.

Jana, Libya's official news agency, tried to obscure the magnitude of the defeat at Oudi Doum, first by ignoring the debacle and then by claiming there were only a limited number of Libyan technicians at the base, which was controlled by the "Chadian government of national unity".

This was a reference to a small, fragmentary force of pro-Libyan rebels opposed to Hissene Habre. This force was weakened, and with it the pretext for Libya's presence in Chad, by the defection last October of supporters of former President Goukouni Oueddei.

There were at least 5,000 heavily armed Libyans at Ouadi Doum when the Chadians attacked, more than 1,000 of whom were killed. According to Egyptian military sources, Libya has lost about 3,000 men in Chad this year.

Libyans, who have made little secret of their disquiet over Colonel Gadaffi's Chadian adventure, will not have been fooled by misleading propaganda from Tripoli. The war's unpopularity is putting the leader's already strained relations with his military command under further stress.

French observers believe that Colonel Gadaffi's hold on power is threatened by the debacle in Chad. It appears to be the most serious upset of his turbulent 17-year rule.

If Hissene Habre's forces push into the disputed Aozou strip in northern Chad, occupied by Libya since 1973, inflicting further reverses on the battered legions, pressures on Colonel Gadaffi could become intolerable.

John Chipman, of the Atlantic Institute for International Affairs in Paris, believes the Chad misadventure has seriously limited the Libyan leader's options in both domestic and foreign policy. But he warns against underestimating Colonel Gadaffi's ability to shrug off setbacks.

Military experts have been mystified by Libya's tactics in this desert war. It put in heavy columns of armour which provided an easy target.

An indication of the depths to which relations between Colonel Gadaffi and the military have fallen was his open criticism of the army in early March, when he said it was time for "those who have been responsible for the country's defence for 17 years to take a rest."

The defection of five Libyan airforce officers to Egypt last month, in two incidents involving a transport aircraft and a helicopter, was further evidence of unrest. According to Egyptian sources, the officers reported that morale was appalling among Libyans serving in Chad, that soldiers were without food and had not been paid for months.

Charles Tripp, lecturer in the school of oriental and African studies at London University, believes that the recent reverses may force the reopening of a long-simmering debate in Libya about the military's domestic role

"He may be provoked into downgrading the armed forces and upgrading the armed people, and that would be a mistake, probably," says Mr Tripp. Colonel Gadaffi has in any case infiltrated a political cadre into sensitive positions in the military to try to ensure control, thereby weakening the army's professional corps.

Observers of the Libyan leader's curious behaviour over the year say that he appears less perturbed by the setbacks in Chad than by last year's US bombing raid. After that he was hardly sighted in public for months, and on the odd occasions when he surfaced seemed distracted and depressed.

His recent attempts to restore relations with old foes, such as Yasser Arafat's mainstream of the Palestine Liberation Organisation, appear a reaction to his growing sense of isolation.

At the same time there have been signs of strain in Libya's relations with Iran. In a speech last month, the Libyan leader called for an end to the "crazy war" between Iraq and Iran. Libya's official media have begun reporting Iraqi war communiques. Colonel Gadaffi is said to regret supplying Iran with long-range Soviet missiles, which have been used against Baghdad, and to be anxious to resume a dialogue with Iraq.

In an apparent attempt to refurbish his tattered credentials as a champion of Arab unity, he has sent messages to Arab heads of state, proposing a summit to discuss the Gulf War and the Palestinian problem.

Internally, the Libyan leader has taken measures since the US raid to unsettle potential opposition. Government departments and the military command have been decentralised. Some elements of the military were dispatched to desert oases.

Colonel Gadaffi, who controls a pervasive east-bloc trained security apparatus, is credited with ruthlessness and guile in dealing with opponents, who include an incipient Moslem fundamentalist movement. Public executions late last year of those accused of subversion were in part connected with a crackdown on the religious right in Libya.

The ruler's survival owes something to the fact that most alternatives have been compromised by association with him. Egyptian military sources believe a coup is unlikely; they say that pressures resulting from the Chad debacle have been an effective antidote to the leader's adventurist activities. "We have been telling the Americans for years: the way to deal with Gadaffi is not from the north, but from the south," said an Egyptian official.

Tensions between Colonel Gadaffi and Major Abdel Salam Jalloud, number two in the revolutionary leadership, are said to have dissipated.

Major Jalloud is thought to have been responsible for recent operations in Chad. His position will not have been strengthened by the setback.

Libya's internal political and economic difficulties were aired in February at an acrimonious meeting of the General People's Congress—the Libyan "parliament" comprising village and area representatives—held in the southern oasis town of Sebha.

Colonel Gadaffi made big changes to his cabinet, sacking many ministers and appointing a new prime minister, 47-year-old Omar Al Muntasser, in an effort to improve administration.

Singled out for particular criticism was the state food distribution agency. Government officials were alleged to be in league with black marketeers and middlemen.

The GPC approved reductions in government spending in the 1987 budget. Ambitious development projects, spawned by Libya's 1970s oil riches, will be further curtailed. Imports are to be reduced.

Colonel Gadaffi's address to the GPC was marked by the usual rhetoric, including attacks on Israel and the US. He made passing reference to Chad, claiming Libyan troops were deployed in a defensive operation. Most of the time, he pretends he has no troops in Chad. It is a game of bluff which appears less and less convincing.

Trade tensions

This time, Japan is really not to blame

By Makoto Kuroda

I HAVE been negotiating on trade issues for the past three years and the current situation is the most intense that I have ever seen. Because of the too rapid and substantial appreciation of the yen, the Japanese economy is in the midst of a long and agonising process of adjustment involving major sacrifices.

It may take three to five years before it is clear whether the necessary adjustment has taken place in a large number of industries and whether our external trading relationships are put on a more harmonious footing through a substantial reduction in our present surplus.

The sharp appreciation of the yen has triggered major changes in the economic structure of Japan.

In volume terms, Japan's imports rose by 14.4 per cent and exports fell by 2 per cent in 1986 over the previous year. But in yen terms, the picture is somewhat different: 1986 exports of Y34.6 trillion were down by 15 per cent, while imports fell by more than 30 per cent. The effects of the stronger yen coupled with lower oil prices more than offset a rise in imports of manufactured goods and food.

Japan's trade surplus for 1986 turned out to be Y14.4 trillion, or just over 4 per cent of Gross National Products. In 1981, immediately after the second oil crisis, oil payments reached a level of 5.5 per cent of GNP and Japan suffered a trade deficit. In 1986, the figure for oil imports came down to less than 1 per cent of GNP as a result of the fall in oil prices. On the other hand, the strong yen is producing a big increase in the volume of imports of manufactured goods and processed foods.

These changes meant that Japanese manufacturing industries suffered a decline in turnover of between 8 and 10 per cent in 1986, experienced a setback in profits of the order of 30 per cent and are in a serious recession.

Heavy industries are the most seriously affected. Faced with big losses, the steel industry has formulated a drastic plan for restructuring, entailing a 30 per cent reduction in its workforce. Shipbuilding, non-ferrous metals, coal mining and other industries are substantially reducing capacity. In the next two years, some 70,000 workers could be retrenched in eight severely affected industries.

Furthermore, the leading export industries such as the automobile and electrical machinery sectors which used to create large numbers of jobs are also in a serious recession and are reducing new recruitment in 1987 by 30 to 40 per cent.

While the merits of the stronger yen—which means cheaper imports of raw materials, fuels, components, capital equipment and so on—are apparent, in many cases these benefits are not sufficient to compensate for the loss of income which manufacturers have suffered.

In addition to the sacrifices being made by industry, the Government of Japan is resolutely promoting structural adjustments of the economy because Japan wishes to maintain and strengthen the free trading system.

Even now the Japanese market is more open than those of the US and Europe

The criticism heard in some quarters in the US and Europe that the Japanese market is closed is based on an erroneous perception. Even now the Japanese market is more open than those of the US and the European Community, and Japan continues to make efforts to approach a completely open market.

The average tariff rate on industrial goods in Japan is the lowest among major developed countries at about 2.1 per cent (compared with 4.3 per cent in the US and 4.8 per cent in the EEC). No import restrictions on manufactured goods are maintained which are inconsistent with the GATT.

Adoption of protectionist measures would neither facilitate the necessary economic adjustments nor assist the settlement of current difficulties. It would inevitably invite protectionist responses elsewhere, which would undermine the economies of the countries involved and gravely damage relations between those countries.

In this regard the US Administration's recent decision to impose a prohobitive and discriminatory increase in import tariffs against specific Japanese manufactured goods is extremely regretable, as is the news that some European countries are reported to be examining action against Japan.

If such measures are forced on it, Japan would have no choice but to take appropriate counter-measures, including those specified under GATT. What is needed now are efforts to co-ordinate a wide range of policies not confined to exchange rates alone but including macro-economic policies.

The solution to Japan's trade surplus can be brought about through the expansion of Japanese domestic demand and imports; to this end Japan is examining a package of economic measures to estimulate demand and increase imports. Bilateral trade between Japan and the EEC is already showing positive signs. In yen terms, Japan's import from the EEC rose 8.9 per cent in 1986, while Japan's exports to the Community rose only 5.7 per cent.

But although the Japan-EEC bilateral trade balance is in Japan's favour, taking issue over the trade imbalance on a bilateral basis does not make much sense. It is more important to ensure the continued expansion of Japan-EEC trade as a whole with emphasis on exports to Japan rather than the bilateral imbalance.

We strongly hope that EEC companies will try to make inroads into the Japanese market, taking advantage of the stronger yen and other recent changes. We urge government officials to encourage potential exporters or investors to tackle the Japanese market rather than frightening them by saying that the market is closed or difficult.

The author is vice-minister at Japan's Ministry for International Trade and Industry and is the country's chief trade negotiator.

Letters to the Editor

Industry and Japan

From Mr L. Tolley, OBE

Sir,—Those of us in manufacturing industry who have been warning of the consequences of questionable Japanese trading methods for many years with no response whatever from any UK government, must be somewhat wryly amused with the newly found indignation of our present Government now that City financial activities are being affected.

We in manufacturing were merely told to respond by being more competitive; no matter that our markets were decimated by dumping and our capacity to respond destroyed.

Even today, with the ability to compete restored by more realistic exchange rates, the capacity to do so will never again be created in the UK while investment in manufacture is so unrewarding compared with service activities and money manipulation.

We can only look forward to the trading position with Japan and the Far East getting worse because we shall have to continue buying from them at much higher prices simply because we cannot or will not respond to our own needs except by increasing imports. To tackle this problem by inviting Japan to make importing into that country easier or expecting the situation to be resolved by a few seats on the Tokyo Stock Exchange is naive in the extreme.

We will only succeed in balancing trade with the Far East if we take determined action to control imports by quota. If we do not know how to accomplish this we can perhaps seek the advice of France and Italy.

Far too much nonsense is written about the effect of such action on overall world trade (which today amounts to taking in each other's washing) and it is time the eastern hemisphere looked within itself for trade together with helping the development of Third World countries and ceased their determined and strategic policies of taking over the markets of the Western World.

Unless corrective action is taken now (and it may already be too late) we in the West will undoubtedly soon be subjugated to financial and trade control and dictation by Japan and others from the Far East. The economic consequences of this could be worse than if we had been defeated in war.

L. J. Tolley.
Excelsior Industrial Holdings, Whitelands Road, Ashton-Under-Lyne, Lancashire

Liability of Lloyd's 'Names'

From Mr N. Dangoor

Sir,—The PCW settlement plan proposed by Lloyd's after years of hardship, aggravation and bad publicity should have been routine.

While in theory "Names" should remain subject to unlimited liability, I have been advocating for years that, in practice, the liability of members to pay for losses should be limited to the amount of their Lloyd's deposits—the Society of Lloyd's being responsible for losses over and above that level. Such procedure would promote more discipline and would put a degree of cohesion and mutual responsibility among the 30,000 membership instead of following the outdated Lloyd's maxim—each for himself and none for others—the rule of the jungle which has produced so many scandals in recent years.

The proposed settlement in fact limits the contribution of members of the failed PCW syndicate to about their deposits and the burden on the general membership of Lloyd's comes to only just over £1,400 each.

N. E. Dangoor.
25, Albert Hall Mansions, Kensington Gore, SW7.

Numbers and percentages

From Lord Young, Secretary of State for Employment

Sir,—I read with great interest and not a little amusement Professor Richard Layard's letter in your column yesterday. I fear that the good professor has now made the full transition from academia to politics.

His concept of the job scene is mischievous. If the population of working age and the number of people in work are increasing, as indeed they are, then the percentage of the population of working age in work can remain steady. Surely in those circumstances employment is anything but static and the professor displays a selectivity I can only envy but never emulate.

Young.
Caxton House, Tothill St, SW1.

Budget proposals and the Japanese

From Mr C. F. Pocock

Sir, — It is reported that the Department of Trade and Industry is drawing up a list of ways to retaliate against the Japanese telecommunications industry. Further to this, we are told in your article of April 6 that such plans come against the background of threats by Britain to act against Japanese banks and insurance companies wishing to operate in London, in an effort to narrow the trade imbalance between the two countries.

It is therefore quite astonishing that the Budget should have contained proposals to restrict double tax relief to banks engaged in lending to non-residents. The main beneficiary of such proposals will be the Japanese because for UK banks the lending involved will become less profitable; the business will simply go to the Japanese.

While the UK banks will undoubtedly be making their own representations already, I hope that the DTI will also be having a stern word with the Treasury in an effort to prevent Britain shooting itself in the foot.

C. F. Pocock,
4 Broadfields, Harpenden, Herts.

Right of the majority

From Ms P. Toomey.

Sir, — I was interested to read Dr Green on the right not to strike (April 6) I agree with him that anarchy results if the minority does not consent to agree with the majority; but what if the majority votes against a strike, yet their union orders them to strike, and then takes disciplinary action against its own members?

I am myself appealing against a maximum fine of £1,000 imposed by the National Union of Journalists for continuing to work for The Times, after the majority of my colleagues had voted to do so. The National Executive Council of the NUJ took it upon itself not to allow us to vote on the issue, and to ignore the majority vote when it was taken. The fact that we were not in dispute with our management was also ignored, and we were ordered out on strike.

I would point out to Dr Green that very little consideration was given by my union to the meaning of democracy and the majority vote in this particular context. I would assume that the Green Paper is trying to remedy the extraordinary situation in which members of the NUJ find themselves.

Philippa M. Toomey,
4 Ardleigh Road, N1.

'Lean burn' emissions

From Mr P. Emmel

Sir,—The front-page article "Latest 'lean burn' engine in final trials," by John Griffiths (April 6), needs a reply.

The claim that the novel engine design reduces hydrocarbon and nitrogen oxides emissions to 5 per cent below the proposed EEC standards is not remarkable. Many "conventional" engines can also achieve this. In the real world, however, the industry requires a design margin of 30-50 per cent for this parameter, and the only way of meeting the standards, while retaining good engine performance and acceptable fuel economy, is by using catalyst-based emissions control systems.

It is also claimed that the new engine is capable of meeting US emissions regulations. With a margin of only 5 per cent against the less stringent EEC limits, we believe this to be improbable. Indeed, reports published by the engine developers, Sonex Research Inc., neither make nor substantiate this claim.

Sonex data, reported in the April issue of Ward's Automotive International, show that the engine recently tested in the UK gives a deterioration of 35 per cent in fuel economy—and this is certainly at variance with the implication in Mr Griffith's article.

Even after 15 years' development, the relatively few lean burn engines available still require an oxidation catalyst to meet emissions standards.

Is it not time for the real facts to be faced? In all countries which have introduced stringent emissions control standards—the US, Canada, Japan, Australia—cars are fitted with catalytic control devices because they are the most efficient, reliable way of solving the problem. This solution has also been adopted by most of those serving the German market, where the EEC proposal has been voluntarily accepted.

Would anyone care to estimate the cost to the European car industry, and hence to the consumer, of the present confused position in Europe where there is a multiplicity of proposed standards and indecision on timing and application? How much better it would be to give a clear target to the car makers by adopting the standards already established in other countries and declaring a date by which they should conform.

Surely the positive way ahead is through standardisation.

P. G. Emmel,
General Manager,
Catalytic Systems Division,
Johnson Matthey.
New Garden House, 78 Hatton Garden, EC1.

THE SAVOY HOTEL PLC

Turnover in 1986 rose by 8% to £64,793,000, and pre-tax profits by 13% to a record £12,094,000. The Directors are therefore recommending a dividend of 40%, an increase of 14.3%.

Although, at first, it appeared that 1986 would be a difficult year, the strong position of The Savoy Group in London and its continuing popularity amongst visitors from home and abroad, ensured that business was maintained at record levels.

During the year, £4,200,000 was spent on repairs, maintenance and renewals, and a further £8,600,000 on major capital projects. This programme of improvements, which will continue during 1987, is reflected in the increased depreciation charge of £2,249,000, up 41% on 1985.

In addition, The Lygon Arms in the Cotswolds, and the chauffeur-driven car hire business of Patrick Barthropp Limited, were purchased for a total of £5,324,000, all of which was financed from cash reserves.

ANOTHER RECORD YEAR

FINANCIAL HIGHLIGHTS	Year ended 31st December 1986 £'000	Year ended 31st December 1985 £'000
Total Receipts	64,793	59,965
Profit before taxation	12,094	10,705
Taxation	3,694	3,532
Profit after taxation and minority interest	8,386	7,135
Earnings Per Share		
A Ordinary Shares of 10p each	29.59p	25.17p
B Ordinary Shares of 5p each	14.79p	12.59p
Dividend Per Share		
A Ordinary Shares of 10p each	4.00p	3.50p
B Ordinary Shares of 5p each	2.00p	1.75p

THE SAVOY · CLARIDGE'S · THE BERKELEY · THE CONNAUGHT
SIMPSON'S-IN-THE-STRAND · THE LYGON ARMS · FORESTMERE
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FINANCIAL TIMES
Wednesday April 15 1987

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Maggie Ford reports how in-fighting has weakened South Korea's opposition

Chun sets deadline for political change

FOR WEEKS Seoul's Government-controlled newspapers have been full of reports of factional strife in the main opposition party, usually illustrated with pictures of the back of a man's head.

The man whose face cannot be shown is Kim Dae Jung, the South Korean opposition leader, who is officially banned from taking part in politics. Enforcement of the ban has been particularly rigorous since last week, with riot police blocking access to Mr Kim's home to all but representatives of the media.

President Chun Doo Hwan, who announced on Monday that efforts to revise the constitution to hold free elections were to be suspended, blamed Mr Kim and his political colleague Mr Kim Young Sam for the need to take this "grave decision".

"The opposition has made the prospects for constitutional reform by consensus extremely dim by involving itself in severe intraparty chaos and infighting," he said. "Time has run out and we cannot wait any longer for a consensus to emerge."

President Chun has set the deadline for political change in his country. He has promised to step down at the end of his term in February next year and transfer power peacefully for the first time in the country's history. The South Korean leader took power in a military coup in 1980 following the assassination of his predecessor, President Park Chung Hee, the previous year. The next president is unlikely to be someone not approved by Mr Chun.

Last year, he agreed to allow negotiations between the ruling Democratic Justice Party and the opposition New Korea Democratic Party over revision of the constitution in advance of elections. He said he wanted South Korea to host the Olympic Games in 1988 as a fully fledged democratic nation, reaching economic and political maturity at the same time.

That agenda has now been redrawn after a week of political drama in which the opposition party has realigned in what observers believe to be a stronger form.

Since its inception, the NKDP has suffered from the legacy of the 1980 coup, after which hundreds of politicians were banned and many imprisoned. The party was formed from a number of different opposition groups just before the 1985 National Assembly elections, in which it did surprisingly well.

The two largest groups of national assemblymen support Mr Kim Dae Jung and Mr Kim Young Sam. The former is totally banned from engaging in politics under the terms of a suspended sentence for sedition and the latter was banned from politics in 1985. As a result, Mr

Militant Seoul students defy the police

Lee Min Woo, a member of Mr Kim Young Sam's faction, was elected president of the party.

Mr Lee and two other party members have supported the policy of the ruling party over election negotiations, causing huge difficulties for the two Kims over the past few months. Efforts to persuade the dissidents to follow the party line failed and attempts to expel two of them a week ago ended in violence.

Last week, the two Kims gave up the struggle for unity and resigned from the party along with 73 of their followers, leaving a rump of 17 assemblymen including Mr Lee and the dissidents. A minimum of 20 members are necessary to take part in negotiations over National Assembly business, so the NKDP will have difficulty functioning.

The two Kims' new party is to be called the Party for Reunification and Democracy (PRD), reflecting the desire of most South Koreans for an end to the division of the nation into north and south and for progress towards democracy.

The Government has attempted to thwart efforts by the Kims to register the PRD formally and to hold meetings.

The new party's first task, assuming it is allowed to operate, will be to persuade South Koreans that it was not responsible for President Chun's decision to go ahead with elections under the present constitution.

Mr Chun has said that a presidential election will be held by the end of the year to elect his successor. Voters will be members of an electoral college of about 5,000 people, some of whom are nominally independent. The members can be relied upon to support the government candidate, however. It is unlikely that the new opposition party would run a candidate in what they consider to be a charade.

But in his speech on Monday, President Chun indicated that limited regional elections would go ahead. The opposition is confident that whenever genuine voting is allowed it stands to gain, so it will take part in any future council elections.

Attention in likely to focus on President Chun's likely successor now that the opposition has been ruled out of the elections. Mr Roh Tae Woo, deputy leader of the ruling party, has not yet received Mr Chun's full backing and has the disadvantage of having been his rival during their military days.

Observers believe that when the President steps down he may prefer to leave someone in charge whose loyalty is unquestioned. However, the party has announced its full support for Mr Roh's candidature.

President Chun has demonstrated again that he intends to remain in control of the country and to guide it towards change in the way he feels to be appropriate. His speech suggests that the rate and direction of that change remain in doubt. The hopes of the Korean people seem likely to continue to be unfulfilled.

THE LEX COLUMN

Weighing up the balance

It could be that the flow of funds between Wall Street and Tokyo is trying to anticipate a new equilibrium in world trade.

Repatriation of Japanese investment funds from US bonds to domestic equities was the talk of the currency markets yesterday, and if Japanese equities were not so expensive by normal standards, that might seem a rational way for the capital account to prefigure a reduction in the US trade deficit.

Yet the best that even the US Administration could say for the February trade figures was that the merchandise deficit would appear less formidable if adjusted for the rising price of imports – the free trade mechanism for controlling deficits.

This would be more reassuring if rising import prices did not have an inflationary effect, and if US demand were not reported (in another Washington office) to be motoring along quite nicely.

Nicely, that is, nearly everywhere but General Motors, where car sales are running about 25 per cent lower than in 1986.

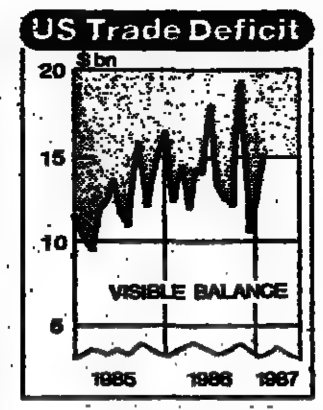
Taylor Woodrow

Taylor Woodrow cannot be accused of short-termism, as its 82-year-old founder can testify. The market's faith in the tug-of-war team's chances over the long haul sometimes wavers, as the immediate response to yesterday's 1986 results, knocking the shares a few pence, showed.

But brokers are receptive to Taylor Woodrow's reassurance and the shares closed 8p up at 332p. A 7.3 per cent pre-tax advance, to £57.6m, may not look much but under the surface is some justification for optimism in 1987 and more so in 1988.

The message is clear: property is now the biggest contributor to profits, yet the returns on investments made have hardly started to show through. The £58m revaluation surplus helped the property portfolio up from £309m to £409m, even though uncompleted developments were included at cost and interest has not been capitalised.

Rent reviews added a good bit to income in 1986, with more of the benefit to come which should work straight through to profits. The latest scheme at St Katharine's Dock is ready for the London Commodity Exchange to move in, and the Ealing and Hounslow developments are nearly done.



Meanwhile the overseas contracting side must now have reached rock bottom, even if loss elimination in some parts may be accompanied by new losses elsewhere. The order book is looking up although building embassies for the UK and US governments, and resurfacing roads in Ghana will never be like the old days.

In the UK the Channel tunnel beckons. Housing should continue strong, if only because Taylor Woodrow has supplies of land at prices prevailing 14 years ago or more.

A more adventurous spirit is revealed by the confession that the group now has net borrowings – at 7 per cent of shareholders' funds not a worry. And though 1987 may not be the great leap forward in profits, a prospective multiple of 12 or less is hardly high risk.

US insurance

Girl scouts can breathe more freely in Des Moines. Last week the Iowa Girl Scouts Council renewed its insurance. The premium came down 31 per cent on 1986. Yet good news in Iowa may be a bad omen for Wall Street or Lime Street.

Insurance stocks slipped in New York on Monday amid vague warnings that US property/casualty insurers have begun another price war in commercial liability lines (they started six months ago to cut premium rates for property risks). Investors have hardly forgotten the last long disastrous US down-cycle.

Head office underwriters in Hartford or New York would say they are probing the market with selective discounts. Leaders among America's 65,000 independent insurance agents met in Dallas last week and were less sanguine.

If you are a drug company or once made asbestos, or pay an annual premium of more than $500,000, do not expect your insurance bill to fall soon. But in Iowa, agents are seeing five to 10 per cent rate cuts when renewing insurance packages for auto-parts businesses and small manufacturers.

In Rochester, NY, the figure is 20 per cent, and 25 per cent in Little Rock, Arkansas. On Main Street, the insurance cycle has turned.

BP sale

It must seem too good to be true at NM Rothschild: first the British Gas privatisation, and now, perhaps as a reward for keeping Gas under control, the contract to advise on the sale of HMG's 32 per cent stake in BP. Yet although the BP job may seem straightforward by comparison, Rothschild will have to be at its best if the chalice is not to poison it when the shares are offered in October.

Over the past week BP's shares have fallen by 9 per cent. The Government will want the shares to be offered at a very tight discount to the market price. Yet, if previous state sponsored offerings are anything to go by, the underwriters will be put at risk for almost two weeks, in order to give the British public adequate time for its cogitations.

If BP shares continue to be as volatile as they have been over the past month, then it is clear that the tussle between the Government's advisers and the sub-underwriting institutions will be more than usually bloody.

One way out might be to make the issue a tender offer, with underwriting at the minimum price, but leaving the state the benefit if the auction goes well. The main problem with this solution is that the small investors, whose sentiments are so assiduously catered for by the Government, are believed to hate and detest tender offers.

Perhaps the Government could attempt to have the best of both worlds by offering a portion of the shares to the UK public at the minimum tender price, and then ask the institutions to bid in a tender offer starting at that price. This would also have the merit of reflecting the true workings of stock markets, in which a premium must be paid for size.

Ivy League gambles on striking oil

BY WILLIAM HALL IN NEW YORK

A GROUP of Ivy League universities led by Harvard and Yale, the Brooklyn Union Gas Company and a Houston oil and gas expert have joined forces in a bid to get rich quick by spending up to $290m exploring for oil and gas in the Gulf of Mexico.

The Harvard Management Company, which is responsible for investing Harvard University's endowment fund, has helped found Smith Offshore Exploration, a Houston company which has been set up to raise investment capital to take advantage of the "favourable drilling economics and opportunities" which exist in the current depressed oil and gas industry.

Mr Scott Sperling, the 30-year-old head of direct and private investing at Harvard Management, has been appointed chairman of Smith Offshore Exploration, which was formed last year by Mr Lester Smith, a Houston oil and gas man, and Mr George Baker, a New York financier and general partner of Baker, Nye Investments. Mr Baker, a private money manager, is a descendent of George Baker, who helped endow the Harvard Business School.

The venture is Harvard's biggest investment in the depressed energy industry, and Mr Sperling said that he thought it was "an excellent time to invest in the oil and gas industry. However, potential investments need to be carefully evaluated for the necessary characteristics which will yield superior risk-adjusted returns." He said that Harvard had looked at more than 200 oil and gas opportunities before selecting Smith Offshore and Brooklyn Union gas. "This team has all the necessary elements to assure an excellent rate of return on our investment."

Smith Offshore announced yesterday that it had committed $145m for a minimum 50 per cent interest in a three-year oil and gas exploration joint venture with Brooklyn Union Exploration Company, a subsidiary of the Brooklyn Union Gas Company, and some other gas companies. The partners plan to drill between 10 and 12 offshore wells a year over the next three years.

Mr Smith, aged 40, said that he believed that the investment was "not something universities normally do" but "the Eastern (US) financial community is showing a significant resurgence of interest in Texas and Louisiana oil and gas exploration."

Natural gas prices in the Gulf of Mexico have fallen from a peak of around $3.75 per thousand cubic feet (MCF) in the early 1980s to $1.35 per MCF last year. They have recovered to around $1.60 per MCF currently, and Mr Smith believes that gas prices should be back in the range of $2.50 to $2.75 per MCF by 1990.

Even without a rise in gas prices, Mr Smith said, the project should be able to generate internal rates of return of between 15 per cent and 18 per cent per annum and that, if prices increase the returns, "go off the board."

Mr Smith said that the Brooklyn Union Gas Company had been picked as a partner because it needed an assured long-term supply of gas and because Mr James Floyd, the 50-year-old president of Brooklyn Union Exploration has "an incredible reputation as a good oil and gas finder."

Harvard University is investing $50m and has been joined by Yale University, the Commonwealth of Massachusetts Pension Reserves Investment Trust, Duke University, Wellesley College, the University of North Carolina at Chapel Hill, and the Kamehameha Schools/Bishop Estate of Hawaii.

Guinness Peat loses two key directors

By David Lascelles, Banking Editor in London

TWO key executives are to leave the Guinness Peat Group, the UK financial services company which is headed by Mr Alastair Morton, recently appointed co-chairman of the Eurotunnel consortium. They are Mr Bruce Ursell, managing director of Guinness Mahon, the group's accepting house subsidiary, and Mr Malcolm Wilde, the director in charge of the bank's lending operations.

Apart from creating fresh problems for Mr Morton as he concentrates on the Channel tunnel project, the defections come at a time when Guinness Peat is being pursued by Equiticorp, the New Zealand investment company which recently bought a 26 per cent stake.

Both Mr Ursell and Mr Wilde are believed to be leaving to start a new investment banking operation at British & Commonwealth, the financial services and transport group, headed by Mr John Gunn. They could not be contacted for comment last night.

Mr Morton, who divides his time between Guinness Peat and Eurotunnel, denied the resignations had been caused by any rows between himself and the two men, or by the pressures placed on the Guinness Peat Group by the approach from Equiticorp. But there had been disagreements over the management of Guinness Mahon.

Mr Ursell had been pressing for a fresh capital infusion into Guinness Mahon, and for full executive powers in the bank. Although the Guinness Peat board had recently approved the investment of new funds, it had not decided to enlarge Mr Ursell's responsibilities.

The investment in Guinness Mahon will now be postponed until a new management team could be found. Mr Morton said Guinness Peat had no intention of selling its accepting house subsidiary, although there had been a number of offers from foreign banks.

Mr Ursell is the second managing director of Guinness Mahon to leave in the last three years. In 1984, Mr Richard Fenhalls resigned after disagreements with Mr Morton.

British & Commonwealth would not confirm that it had recruited the two men last night. However, it is believed that they are joining the group to develop its new investment banking side using its extensive capital resources. At the moment, B&C is involved in banking in only a small way, through Cayzer Ltd, a licensed deposit-taker.

Since he took over as chief executive last year, Mr Gunn has concentrated on developing B&C as a major financial services company, acquiring in the process Exco, the money broking firm he himself founded in the 1970s. The recruitment of two experienced merchant bankers would mark an important step forward in his plans.

Italians heading for early general elections

BY ALAN FRIEDMAN IN MILAN

ITALIAN voters look more likely than ever to be called to early general elections in June after a decision last night by Mr Oscar Luigi Scalfaro, the outgoing Christian Democrat Interior Minister, to abandon his four-day attempt to form a government.

The Scalfaro decision, communicated to President Francesco Cossiga last night, came six weeks after the Rome crisis was triggered when Mr Bettino Craxi, the Socialist Prime Minister, resigned under pressure from the Christian Democrats to honour an informal agreement reached last summer.

In the wake of Mr Scalfaro's renunciation of his mandate it is hard to see how President Cossiga can avoid drawing the conclusion that a stable majority government cannot be formed and parliament must be dissolved in order to call elections.

If this is the President's conclusion then the most likely course of action would be to seek to appoint a clearly institutional caretaker government to remain in office during the election period.

By now Italy's political parties are engaged in almost transparent electoral posturing. The Socialists and the smaller centrist lay parties continue to insist that they wish to avoid early elections, while Mr Ciriaco De Mita, the embattled Christian Democrat leader, is presiding over a divided party.

The next move in the Italian crisis is expected from President Cossiga, and will probably come as early as today.

Mr Scalfaro's admission of defeat came after 48 hours of mounting confusion in Rome which saw a bizarre array of initiatives designed to avoid elections, which are not constitutionally required until June 1988.

So confused and frenetic has political activity been these past few days that Mr Scalfaro found he could assemble neither a genuine government nor even a caretaker administration as a prelude to elections.

The latest initiative to arise, following a failed attempt to launch a Communist-led administration on Monday, was a joint proposal yesterday by the Socialist and Social Democrat parties to support a Christian Democrat-led government in exchange for compromise legislation on judicial and nuclear energy issues which are supposed to be addressed in referenda scheduled for June.

The Christian Democrats rejected this proposal, which was merely a reformulation of the last compromise proposal set forward by Mr Giulio Andreotti.

Gorbachev reticent on Reagan summit call

Continued from Page 1

Though Mr Gerasimov said that the most promising avenue being explored was that of an agreement on the elimination of intermediate range nuclear forces (INF) from Europe, the Soviet newsagency Tass yesterday published a number of highly critical comments on the US's position.

"US administration officials are now putting forward proposals, not for reducing and eliminating shorter range missiles in Europe, but for further increasing the American potential of these nuclear systems" Tass said.

Its comments referred to the Nato proposal that instead of eliminating shorter range weapons altogether, the US and the Soviet Union should agree to an equal ceiling and that the West should be allowed to match the Soviet level. The Soviet Union currently has a nine-to-one superiority in this category of weapons, according to Nato officials.

A further indication of Soviet attitudes was given in an article in the New York Times by Mr Viktor Karpov, the head of the Soviet Foreign Ministry's arms control department. By linking an INF agreement with an accord on shorter range missiles, the US had proposed "new conditions that create further difficulties" Mr Karpov said.

Other aspects of the US position have also come under critical scrutiny by the Tass military commentator. Accusing President Reagan of moving away from the provisional agreements reached at the Reykjavik summit last October, Tass cited the instructions which Washington had given to Mr Shultz for his negotiations in Moscow.

Associated Press reports from Santa Barbara: Mr Shultz sent President Ronald Reagan a three-page cable on his talks in Moscow, describing the sessions as "frank and detailed," the White House said.

After reading the cable Mr Reagan "remains optimistic about the talks, and they seem to be off to a good beginning," said presidential spokesman Marlin Fitzwater.

He said Mr Reagan received the cable at Rancho del Cielo, the mountain-top retreat where he is spending a week-long Easter vacation. Mr Shultz is scheduled to come to Santa Barbara to report on the talks following their conclusion.

Asked if the use of the word "frank" indicated a vigorous or a combative exchange of viewpoints, the spokesman said, "Frank in diplomatic terms means ... both sides firmly explained their positions and where we stand on various issues.

"We remain optimistic for productive talks. I don't think there's been anything to change that," he said.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	16	61	Dubrovnik	S	17	63	Malta	F	14	57	Rhodes	F	17	63
Algiers	F	17	63	Edinburgh	F	12	54	Manchester	F	13	55	Rio de J'o	C	37	99
Amsterdam	C	9	48	Faro	S	22	72	Manila	S	36	97	Rome	S	20	68
Athens	F	13	55	Florence	F	16	61	Melbourne	F	20	68	Salzburg	F	9	48
Bahrain	S	32	90	Frankfurt	S	11	52	Mexico City	S	26	79	San Francisco	F	9	48
Bangkok	S	36	97	Funchal	C	20	68	Miami	C	26	79	Seoul	S	11	52
Barcelona	S	16	61	Geneva	S	11	52	Milan	F	16	61	Singapore	F	32	90
Beirut	S	22	72	Gibraltar	S	19	66	Montreal	S	2	36	Stockholm	F	8	46
Belfast	C	11	52	Glasgow	C	11	52	Moscow	S	12	54	Strasbourg	S	12	54
Belgrade	F	12	54	Guernsey	S	13	55	Munich	F	9	48	Sydney	S	27	81
Berlin	C	10	50	Helsinki	C	7	45	Nairobi	C	24	75	Taipei	R	17	63
Biarritz	C	13	55	H. Kong	R	16	61	Naples	S	18	64	Tangier	S	20	68
Bombay	S	31	88	Innsbruck	C	9	48	Nassau	S	31	88	Tel Aviv	S	29	88
Bordeaux	C	14	57	Inverness	C	11	52	New Delhi	S	35	95	Tenerife	C	22	72
Brussels	C	10	50	Islamabad	S	30	86	New York	C	8	46	Tokyo	C	10	50
Budapest	F	13	55	Istanbul	F	9	48	Nice	S	17	63	Toronto	C	8	46
B. Aires	–	20	68	Jakarta	R	32	90	Nicosia	C	23	73	Tunis	R	11	52
Cairo	S	25	77	Jersey	F	15	59	Oporto	S	20	68	Valencia	S	18	64
Cape Town	R	16	61	Jo'burg	F	24	75	Oslo	S	6	43	Venice	S	15	59
Caracas	C	31	88	Lima	S	26	79	Paris	F	15	59	Vienna	C	12	54
Casablanca	F	22	72	Lisbon	S	22	72	Peking	–	n/a	n/a	Warsaw	C	12	54
Chicago	R	9	48	London	C	12	54	Prague	C	9	48	Washington	F	8	46
Cologne	S	12	54	Los Angeles	C	15	59	Reykjavik	H	1	34	Zurich	S	10	50
Copenhagen	C	4	39	Luxembourg	F	10	50								
Corfu	F	17	63	Madrid	S	18	64								
Dallas	C	12	54	Majorca	F	15	59								
Dublin	–	–	–	Malaga	–	–	–								

Readings at mid-day yesterday.
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Argentine debt deal

Continued from Page 1

ever, disbursement of these loans has been delayed until Argentina also reached agreement with 90 per cent of its creditor banks on a debt refinancing package.

Argentina began negotiations with the commercial banks two months ago, and at several points the talks seemed close to rupture. The breakthrough seemingly came last week when Mr Sourouille, speaking to the IMF interim committee meeting in Washington, made a sharp attack on the banks' stance for creating what he claimed were obstacles on issues that had already been agreed with the IMF and the World Bank.

Brussels farm aid plan

Continued from Page 1

This is designed to prevent large disparities in farm incomes between regions in the same member state. It is also partly a bid to regulate at EEC level growing pressure to be allowed to pay national farm aid from Germany and France – a trend which is creating much anxiety among smaller member states and less able to prop up their own farmers.

However, the scheme aims to tackle their worries by creating an alternative Community-financed aid scheme, in which the EEC budget would make contributions ranging in four steps from 10 per cent to 70 per cent of total assistance.

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NEWS REVIEW

BUSINESS

Lasers find Canadian range

The Edinburgh-based Electro-optics Department of Ferranti Defence Systems has secured a multi-million dollar contract to supply laser rangefinders for integration into the Canadian Forces Low Level Air Defense (CF-LLAD) System. The first production order for 38 Type 629G lasers has been placed by Martin Marietta of Orlando, Florida, a subcontractor to Oerlikon Aerospace Incorporated of Canada, the prime contractor for the system.
Designed specifically for use against low flying aircraft, the Type 629G laser provides target range data.

Marathon monitor

A £3.8m microprocessor controlled fire and gas detection system has been delivered by the Ferranti Offshore Systems Group, Cheadle Heath, to Marathon Oil UK for the Brae B production platform.
The fully dualled system monitors and controls 6,500 input and output points, protecting the Brae B platform from hazards created by fire and the build-up of gas levels.
The company is also supplying an onshore simulator for operator training and system modelling.

Briefly . . .

BP Chemicals has ordered a third PMS 40 Process Management System from Ferranti Computer Systems, Wythenshawe Division, for its vinyl acetate plant at Baglan Bay.
British Rail Eastern Region has ordered nearly £200,000 worth of Ferranti GTE OMNI digital telephone exchanges.

● SONAR

Subsea surveillance

Ferranti Computer Systems, Cheadle Heath Division, has designed, developed and produced a new high frequency surveillance sonar system. The sonar offers electronic scanning at a price which makes it competitive with mechanically scanned equivalents. This has been made possible by the application of advanced integrated circuit technology. The equipment is built to withstand continuous operation down to depths of 500 metres. Targets are identified in both azimuth and depth.
The modularity of the system makes it suitable for a diversity of applications. These include harbour surveillance, offshore platform defence, mine identification and classification, ROV navigation and oil and gas pipeline profiling.
Typically a single unit comprises two transducer arrays each connected to its own underwater pod. An umbilical cable provides both power and a data link to the pods from the surface control unit. Considerable defence can be afforded by locating a number of pods at strategic points around a harbour entrance or oil drilling platform. Outside the detection envelope of the static system an easily deployed towed pod provides a comprehensive surveillance and defence system.

● AVIONICS

Way ahead for GR5

Deliveries of hardware have started for a £10m contract awarded by the Ministry of Defence in April 1985 to supply FIN 1075 inertial navigation systems for the Royal Air Force's fleet of BAe GR5 Harrier aircraft.
The first of eight pre-production inertial navigation units from Ferranti Defence Systems, Navigation Systems Department, together with new generation AST 1000 series Automatic Test Equipment (ATE) has recently been supplied to BAe, Dunsfold, for testing and flight trials.
The production of the first development hardware and its associated test equipment was accomplished within two-thirds of the time normally allowed for in a programme of this scale.
FIN 1075 is based on a conventional Ferranti floated rate-integrating gyro platform in service on Harrier GR3, Phantom, Nimrod, Tornado and Jaguar aircraft and on order for the Buccaneer.

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SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday April 15 1987

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Sharp improvement at International Paper

BY JAMES BUCHAN IN NEW YORK

THREE US forest products companies yesterday reported sharp improvements in earnings for the March quarter, confirming the industry's strong cyclical upturn.

International Paper, the world's largest paper maker, reported the most dramatic improvement with a 360 per cent increase in net income, from $25m or 41 cents a share to $90m, or $1.63 a share.

But Georgia-Pacific, which is slanted towards building products, progressed form $30m, or 25 cents a share, to $80m or 71 cents a share, and the smaller Boise Cascade rose from $25m, or 83 cents a share, to $40.2m, or $1.31 a share.

US forest products companies have enjoyed a dramatic improvement in profitability in the past year because of cost reductions, a tighter market for some products and the decline of imports thanks to a weaker dollar. Last month, International Paper announced it was raising prices of linerboard, used in cardboard boxes, as new evidence of stronger demand.

International Paper's earnings for the quarter included a $14m special gain on the sale of securities and a contribution from its new premium paper subsidiary, Hammermill Paper. Revenues increased from $1.1bn to $1.8bn and Mr John Georges, chief executive, said that "second-quarter results should continue to show favourable year-to-year comparisons."

After the annual meeting yesterday, Mr Georges, said he expected the company's earnings to increase by more than two to three per cent if the economy continues to grow at two to three per cent in 1987.

In 1986, the company reported net income of $305m or $5.79 per share, on revenues of $5.5bn.

Revenues at Georgia-Pacific rose from $1.6bn to $1.9bn and at Boise Cascade from $909m to $912m. Boise said its 1987 performance was expected to be substantially stronger than in 1986, when it earned $101.5m or $3.32 a share.

The company said this year started off well as a result of existing market conditions and its success in reducing costs and increasing productivity. Factors that could influence 1987 results included the amount and timing of any price increases for its major product lines, particularly uncoated and coated white papers, and labour contract negotiations.

Wang back in black for third quarter

By Our New York Staff

WANG LABORATORIES, the US maker of minicomputers and word processors, yesterday said it had returned to profit in its third quarter to the end of March after measures to cut costs and boost orders.

Wang, which in January launched a new range of minicomputers, said that it earned $5.9m, or 4 cents a share, in the March quarter. This compares with earnings of $21.4m or 14 cents a share in the preceding year's quarter.

Yesterday's result, which was a little better than the break-even Wang had predicted, lifted the company's share price $⅜ to $15¼ in early trading.

It reduced Wang's loss so far in its 1987 fiscal year to $102.7m, or 65 cents a share. The nine-month loss included a $37m restructuring charge to cover payroll cuts in the second quarter.

Revenues in the March quarter grew 9 per cent to $745.9m as a result of increased shipments of minicomputers, including Wang's new VS 7000 series systems introduced in January.

Wang, which plunged into loss last summer after years of increasing competition in the office systems market, reported a 21 per cent increase in orders to $734.9m.

Mr Frederick Wang, who took over as president from his father, Mr An Wang, late in 1986, said: "The great progress we have made in this period strengthens our confidence considerably, and we are convinced that our stated goal of solid profitability for the fourth quarter is quite realistic."

German metals group posts slight advance

BY HAIG SIMONIAN IN FRANKFURT

METALLGESELLSCHAFT, West German metals, chemicals and engineering group, lifted its net profit to DM 69.9m ($38.8m) in the year to September 30 1986, from DM 61.4m in 1984-85, despite a fall in group turnover to DM 9.8bn against DM 11.2bn last time.

"The results deserve to be marked satisfactory when seen against the unfavourable state of the raw materials markets", said Mr Dietrich Natus, Metallgesellschaft's chief executive.

Metallgesellschaft's earnings per share fell to DM 12.2 against DM 15 in 1984-1985, but the company is again paying a dividend of DM 6 a share.

The group's raw materials division suffered a sharp downturn in profitability, though individual results were mixed. Foundries and mining were particularly hard hit by lower metals prices and the falling US dollar, but Teck Corporation, the Canadian metals group in which Metallgesellschaft owns a share, reported "satisfactory results and an improved financial structure", according to the company.

The DM 1.5bn fall in turnover in Metallgesellschaft's raw materials division was largely attributable to lower prices on the trading side. However, trading profits were broadly maintained.

Metallgesellschaft's 1985-86 results do not include any figures for Cominco, the troubled Canadian metals group, in which it has a substantial stake, along with Teck and Mount Isa Mines (MIM) of Australia. Moreover, as part of a strategy of supplementing existing close business relationships with small equity cross-holdings, Metallgesellschaft now owns about 4 per cent of MIM, which in turn has a small reciprocal stake.

Earnings at Kolbenschmidt and VDM Nickel Tecknologie, Metallgesellschaft's two metal processing activities, rose last year, while profits were roughly maintained at Lurgi, the group's plant construction division. However, earnings on processing had been under pressure in the first five months of the current trading year, while severe losses have been sustained in Metallgesellschaft's West German foundries.

Group turnover fell by a further 20 per cent in the first five months of the present trading year, and earnings were "somewhat below our expectations", said Mr Natus. However, he hoped this year's results would be roughly similar to those of 1985-86. Further rationalisation would be necessary across the group, but Cominco would be trading profitably this year, while metals prices "had to go up", he said.

Enichem reports jump in earnings

By Alan Friedman in Milan

ENICHEM, the Italian state-owned chemicals company, last year staged an impressive leap out of loss, recording a L1.7bn ($1.3m) nominal net profit against a heavy L398.3bn 1985 deficit.

The Enichem profit, the first in four years, comes after a one-time L170bn extraordinary debit, the result of stock write-downs linked to the drop in petrochemical prices.

The decline in petroleum prices and tariffs of related products also hit Enichem's consolidated turnover, which fell last year by 16 per cent to L5,977bn.

The company was able to return to the black last year, after losses, which since 1983 had totalled L1,213bn, partly because it is now reaping the fruit of a lengthy industrial and financial restructuring programme. Lower raw material prices and the weakness of the US dollar also contributed greatly to Enichem's 1986 results, as did much reduced debt servicing charges L135bn in 1986 against L359bn the previous year).

Mr Lorenzo Necci, Enichem chairman, warned that '1987 could be a difficult year' and said he hoped that the state company – part of the ENI state holding group – would be able to agree joint ventures with Montedison, Italy's biggest chemicals group, in order to rationalise costs.

Mr Necci said last year's merger by Enichem and Britain's ICI of their loss-making polyvinyl chloride (PVC) and vinyl chloride monomer (VCM) operation was 'progressing well'. The Enichem chief also said he was exploring prospects for similar accords 'at the European level.'

TSB to offer home banking

BY HUGO DIXON

TSB of the UK has beaten its four main clearing bank rivals to offer the first electronic home banking service directed at the mass market from the middle of June.

The service, called Speedlink, will allow personal customers in England and Wales to check the balance of their accounts, pay bills and transfer money from one account to another from any telephone around the world.

The bank plans to extend it to commercial customers later in the year, and to Scotland in April 1988. It expects the service to have 100,000 customers by the end of the year.

The Bank of Scotland and Clydesdale Bank have been offering electronic banking services since 1985 and the beginning of this year, respectively, but these have been aimed mainly at business customers. Lloyds Bank plans to operate a pilot scheme from 1988.

Speedlink is based on an ordinary telephone and a tonepad – an electronic keyboard about the size of a pocket calculator. Most modern push-button telephones can be used on their own without the tonepad.

Customers will call a central number and identify themselves by using the tonepad to punch in their account number and personal identification codes. A voice-response system will then allow the computer to issue instructions in a human voice.

Speedlink will operate 18 hours a day, seven days a week. Customers, who will be able to programme the computer to make payments up to a month in advance, will pay £10 a year to use the service. The tonepad will cost £12, and the customer will also have to pay for the telephone calls. Initially, they will have to call a number near Manchester, but by next year they will be able to get into the system by making a local call.

Mr Harry Read, the TSB's general manager for management services, said research carried out by Mori pointed to an enthusiastic response. Of those interviewed, 93 per cent felt home banking would save them time and 88 per cent thought it would allow them to be more up-to-date with their bank balances. Seventy-eight per cent had no fear of using an automated service.

As well as allowing the TSB to improve services to its existing customers he hoped Speedlink would attract new ones. It would also allow the bank to cut the costs of routine administration and free branch staff to sell customers other financial services.

The cost of adapting the bank's computer systems to home banking was only £1m ($1.6m), Mr Read said, as the voice-response unit simply had to be bolted on to the bank's mainframe.

Comsat merger in jeopardy

BY DAVID OWEN IN NEW YORK

THE PROPOSED $2.4bn merger of Comsat, the leading US operator of communications satellites, and Contel the major Atlanta-based independent telephone company, appears to have been placed in jeopardy by a Federal Communications Commission (FCC) order believed by Contel to provide a basis for termination of the merger agreement.

In a form filed with the SEC yesterday citing a number of recent FCC proceedings and including one memorandum ordering Comsat to refund $62m in "excess earnings" or demonstrate why it should not do so, Contel concluded that there is basis for termination of the merger if the relevant FCC proceedings are still pending when the transaction is due to be consummated.

The proposed deal, first announced last September, was billed as a takeover of Contel by Comsat, although control of the resulting company was slated to go to top executives at Contel – a company five times the size of Comsat based on 1985 revenues. Under its federal charter, Comsat can only merge with another company and cannot be acquired.

The merger, which faced approval by various regulatory bodies before it could be consummated, was expected to create a significant new international force in telecommunications industries, although many believed that Comsat's competitors would mount fierce opposition on the grounds that it would give the company unfair competitive advantage in the communications market.

Comsat itself vigorously opposes the FCC orders on which Contel's decision has been based, describing them as "unjust and unwarranted in fact and in law."

The two companies are now expected to meet shortly to discuss the matter further.

Fidis plans L475bn share issue

By Our Milan Correspondent

FIDIS, a financial holding company controlled by Fiat, is planning to raise a total of L475bn ($365.4m) by means of share and bond issues.

Fidis plans to raise L375bn by means of a two-for-five rights issue which would see the issue of 50 million ordinary shares, priced at L7,500 each. A further L100bn is to be raised by means of the placing of its bonds with institutional investors.

The funds will be used partly to subscribe a L203bn Mediobanca bond issue convertible into shares of Mito, a financial services company which is active in fund management, and which is controlled by the main holding vehicle of the Agnelli family.

Mito is one of three companies (the others are Sees, a retail holding company, and Toro, an insurance company) whose effective control will eventually pass from the Agnelli family to Fiat's control as a result of Fiat having agreed last September to fully subscribe $1.1bn of Mediobanca convertible bonds. The bond issue was designed to help finance the Agnelli's purchase of a Fiat shareholding from Libya.

Fidis also plans to use proceeds from the L475bn of new funds to finance Fiat Credit International, a new company which will acquire control of Fiat vehicle finance companies in nine European countries. Fidis last night said its 1986 net profit was L132bn, against L82bn in 1985.

The company is proposing a L500 dividend for 1986, against L400 in 1985.

The chairman of Fidis is Mr Cesare Romiti, who is group managing director of Fiat.

CDF-Chimie cash boost

BY GEORGE GRAHAM IN PARIS

CDF-Chimie, the state-owned chemicals group spun-off from France's national coal company, is to receive a FFr 3.1bn ($499m) capital injection from the Government.

The money will reinforce the company's capital after twelve years of losses and will be used for the restructuring and modernisation plan proposed to the government by Mr Serge Tchuruk, the new chairman.

The chemicals concern is one of the beneficiaries of the French Government's windfall privatisation receipts, of which a third are to be used to reinforce the capital of state sector companies.

CDF-Chimie lost a total of FFr 2.6bn last year, including exceptional restructuring costs of FFr 2.1bn. Group sales dropped to FFr 20.6bn from FFr 25.3bn in 1985.

Mr Tchuruk is to present the new restructuring plan – described by officials as "muscular" – to CDF-Chimie's employee council early next month.

The plan is expected to focus on trimming the fertilisers division, which accounted for FFr 800m of losses last year. The group will seek to move away from heavy chemicals to concentrate more on the speciality chemicals sector.

CDF-Chimie was split off from its parent company, Charbonnages de France, late last year, shortly after Mr Tchuruk's appointment as chairman. The company is now directly owned by the state.

Mr Tchuruk joined CDF-Chimie in November last year after a ten week interregnum following the resignation of Mr Michel Hug, who headed the group for only a year. He was previously managing director of Rhône Poulenc, France's largest chemicals group.

He has been joined at CDF-Chimie by two former colleagues at Rhône Poulenc, Mr Jean Pierre Halbron, who becomes managing director, and Mr Jean-Paul Vettier, who takes charge of the petrochemicals division and strategy and planning.

Higher sales at Solvay

By Our Financial Staff

SOLVAY, the Belgian chemical group, achieved a strong increase in profits for 1986, and, as a result, plans to step up the year's dividend by 12 per cent.

The upturn stemmed mostly from lower feedstock costs and greater sales volume the group said. Down slightly in cash terms, volume sales rose by 3 per cent last year.

Net profits increased by 22 per cent to BFr 9.93bn ($265m) on turnover of BFr 216.3bn, which was 4 per cent down on 1985. The dividend is being raised to BFr 335 a share.

The company said that the fall in oil product prices was the main factor influencing activity in 1986. The fall contributed to a reduction in manufacturing cost, but to a certain extent also caused a fall in selling prices.

Cash flow climbed 14 per cent to BFr 21.8bn. As a result, cash flow as a percentage of sales rose to 10.1 per cent from 8.5 per cent in 1985.

Time declines despite increased revenues

BY OUR FINANCIAL STAFF

TIME INC, the big US publishing and cable TV group which has been undergoing a stringent cost reduction programme, suffered a fall in first-quarter net earnings from $50.5m, or 78 cents a share, to $46.4m, or 76 cents, despite a rise in revenue from $874m to $939m.

The company said strong first-quarter performances at its core operations were more than offset by the inclusion of normal seasonal losses at Scott Foresman, the educational publisher acquired last year for $520m. Results were also affected by the absence of one-time gains in the first quarter of 1986.

Mr J. Richard Munro, chairman and chief executive, said that without these items, the company's operating profits in the latest quarter would have been up 33 per cent to $142m from $107m last year.

Profits from the company's magazine group were $59m, up 64 per cent from $36m last year. The increase was attributed to lower development expenses and costs, and the impact of a general cost reduction programme.

Advertising revenues were down slightly, as the effect of rate and circulation rate base increases were offset by lower advertising volume. Circulation revenues were higher in the period.

The books and information services group posted an operating loss of $3m compared with profits of $14m last year.

At American Television and Communications, Time's 82 per cent-owned cable company, a continuation of strong subscriber growth resulted in an operating cash flow of $66m, a 19.5 per cent increase on the $56m in 1986. Operating profits rose to $34m from $32m. Programming income fell to $36m from $39m.

Great Lakes Forest plans expansion

By Robert Gibbens in Montreal

GREAT LAKES Forest Products, one of the two big pulp and paper companies controlled by Canadian Pacific, plans a C$390m (US$300m) modernisation and expansion programme at its Northern Ontario mills.

The first step is addition of a second fine-paper machine at Dryden with 175,000 tonnes capacity, bringing Dryden's total fine-paper capacity to 285,000 tonnes. The new machine costs C$175m and is due to start up in the third quarter of 1989.

A new 240,000 tonnes standard newsprint machine costing $215m will be installed at Thunder Bay to replace two older machines with 180,000 tonnes capacity. The project starts next year and the machine is due in operation early in 1991.

Great Lakes may also invest about C$60m in a newsprint mill planned in Washington State with five US publishers. A decision on a go-ahead will be taken shortly, the company said.

Stora in newsprint plant deal

BY KEVIN DONE IN STOCKHOLM

STORA of Sweden, West Europe's largest pulp and paper producer, and Feldmühle, the West German paper group, are to build a SKr 1.2bn ($190m) newsprint mill in Sweden.

The plant, with an annual capacity of 210,000 tonnes will be built in south-west Sweden by Hylte Bruk, which is owned 75 per cent by Stora and 25 per cent by Feldmühle.

The mill is planned to come into operation during 1989. It will increase Hylte Bruk's newsprint capacity to 750,000 tonnes a year.

Stora is investing heavily in additional newsprint capacity and is already building a SKR 1.3bn, 215,000 tonnes a year newsprint mill at Kvarnsveden in central Sweden, which is due to be commissioned next year.

Three old machines at Kvarnsveden are to be closed, but total capacity at the site will increase by 165,000 tonnes a year to 615,000 tonnes, of which magazine and special newsprint will account for 200,000 tonnes.

When both newsprint mills are completed Stora will be one of Europe's biggest newsprint producers with a total capacity for newsprint and magazine paper of more than 1.5m tonnes a year including its 160,000 tonnes a year mill in Canada.

In addition to the new newsprint machine Hylte Bruk is planning an additional pulp mill based on waste paper with an annual capacity of 150,000 tonnes.

The newsprint market was firm in 1986 with a high level of capacity utilisation and the Swedish pulp and paper industry is expecting continued strong demand in this sector throughout 1987.

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April 1987

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April 1987

INTL. COMPANIES AND FINANCE

Perelman in $850m buyout of Revlon public shareholders

BY WILLIAM HALL IN NEW YORK

MR RONALD PERELMAN, the 43-year-old corporate raider, has agreed to pay $850m to buy out the public shareholders of Revlon, the cosmetics group controlled by his privately owned investment firm, MacAndrews & Forbes.

MacAndrews & Forbes, which had earlier offered to buy the two-thirds of Revlon that it does not own for $18.50 a share in cash, disclosed that it had entered into a definitive merger agreement to acquire the company for $20.10 a share in cash.

Revlon's shares had risen from a low of $3⅞ in early 1985 to a peak of $21⅞ earlier this month on rumours that another bidder might emerge.

Revlon's independent directors, advised by Wertheim Schroeder and Co, have unanimously approved the merger agreement and MacAndrews & Forbes said it had settled litigation challenging MacAndrews' purchase of the shares.

Revlon lost $9.5m, or 24 cents a share, on sales of $1.6bn in 1986. It has assets of $3.6bn, long-term debt of $2.35bn and $964.8m of cash. At the end of 1986 it had stockholders' equity of $178.3m, or 4.22 a share.

Mr Perelman won control of Revlon in late 1985 after a bitter takeover battle and disclosed last month that he was considering buying the remaining two-thirds of Revlon's 39.6m shares which his company does not own. Several analysts had said that they thought the price Mr Perelman was offering was too low, and there had been suggestions that the company was worth as much as $25 or $30 a share.

After several audacious corporate raids last year, Mr Perelman has been noticeably quiet in recent months, but Wall Street has been alive with rumours that he is planning another major move. Late last year he launched three corporate raids in quick succession.

It has been estimated that MacAndrews & Forbes and Revlon have around $2.5bn which could be used to mount another big takeover.

Honeywell starts year with strong gain

By David Owen

HONEYWELL, the Minneapolis-based electronics company which last year spun off most of its computer business into a joint venture with Japan's NEC and France's Bull, reported improved first-quarter net earnings of $43.7m or 96 cents a share – up from $26.2m or 57 cents a share a year ago. The 1986 figure included a loss from discontinued operations of $10.2m.

The results mark a turnround from Honeywell's 1986 fourth-quarter performance, when the company completed a year of heavy restructuring by taking a net charge of $384m. This plunged the company to an after-tax 1986 loss of $398m or $8.83 a share.

The company attributed the current quarter's improvement to cost-cutting efforts initiated in 1986. "All of our businesses are producing better results than last year even though we do not see significant improvement in the external market environment," said Mr Edson Spencer, chairman and chief executive.

First-quarter revenues totalled $1.48bn – up 29 per cent from $1.15bn a year earlier due partly to the inclusion of the sales of Sperry Aerospace, acquired last year from Unisys in a $1.03bn deal. However, the company said that it experienced a sharp increase in aerospace and defence orders in addition to those of the new Sperry Aerospace group.

Marriott advances 20% to $40.7m

BY OUR FINANCIAL STAFF

MARRIOTT, the US hotels and food service group, yesterday reported a 20 per cent rise in first-quarter earnings to $40.7m or 30 cents a share from $34.2m or 25 cents. Revenues rose from $1bn to $1.41bn.

Mr J.W. Marriott Jr, chairman and president, said the company's strong performance reflected gains in lodging, contract food services and restaurant operations. Mr Marriott said he believed the strong first quarter would carry through the rest of the fiscal year.

Lodging operations posted a 29 per cent increase in operating income on a 23 per cent sales gain for the quarter. Sales also benefited from the opening of 18 full-service hotels and 29 moderate-price Courtyard hotels during the past 12 months.

Mr Marriott said average room occupancy was in the upper 70 per cent range during the quarter. Courtyard and vacation ownership resorts contributed significantly to lodging profits in the quarter.

Contract food services operating income was up 24 per cent, on a 64 per cent sales gain in the quarter.

Suchard takes over Du Lac

By John Wicks in Zurich

JACOBS SUCHARD, the Swiss coffee and chocolate group, has completed negotiations for the takeover of the Italian company Du Lac.

Du Lac had already been a producer of chocolate products under licence from Jacobs Suchard, selling them under the Zurich company's brands Suchard and Tobler. Annual turnover is of more than L30bn ($23.3m).

The acquisition of Du Lac, for which no price is being disclosed, gives Jacobs Suchard its first direct subsidiary in Italy.

U.S. quarterly results

[illegible]
[illegible]

First quarter	1987 $	1986 $
Assets	27.2bn	27.3bn
Net profits	82.4m	67.8m
Net per share	0.86	0.69

GTE
Telephone systems

First quarter	1987 $	1986 $
Revenue	3.7bn	3.6bn
Net profits	268m	253m
Net per share	0.78	0.86

[illegible]
Banking

First quarter	1987 $	1986 $
Net profits	110.9m	2.1m
Net per share	n/a	0.03

†Loss

[illegible] BANK
Banking

First quarter	1987 $	1986 $
Assets	23.6bn	20.8bn
Net profits	28.6m	30.4m
Net per share	1.01	1.08

NORTHERN TRUST
Banking

First quarter	1987 $	1986 $
Net profits	14.7m	11.7m
Net per share	0.87	0.73

NCNB
Banking

First quarter	1987 $	1986 $
Net profits	50.9m	50.2m
Net per share	0.60	0.62

PNC FINANCIAL
Banking, financial services

First quarter	1987 $	1986 $
Net profits	98.8m	84.2m
Net per share	1.20	1.01

[illegible] COMMUNICATIONS
Media, entertainment

Second quarter	1987 $	1986 $
Revenue	108.2m	101.2m
Net profits	117.1m	†8.1m
Net per share	10.24	
Six months		
Revenue	207.2m	178.8m
Net profits	114.4m	11.6m
Net per share	10.02	

†Loss

SOUTHEAST BANKING
Banking

First quarter	1987 $	1986 $
Assets	11.9bn	10.7bn
Net profits	24.8m	19.8m
Net per share	0.83	0.71

UTD. TELECOMMUNICATIONS
Telephone systems

First quarter	1987 $	1986 $
Revenue	726.2m	798.8m
Net profits	12.49m	45.4m
Net per share	0.13	0.47

WALGREEN
Drugstores

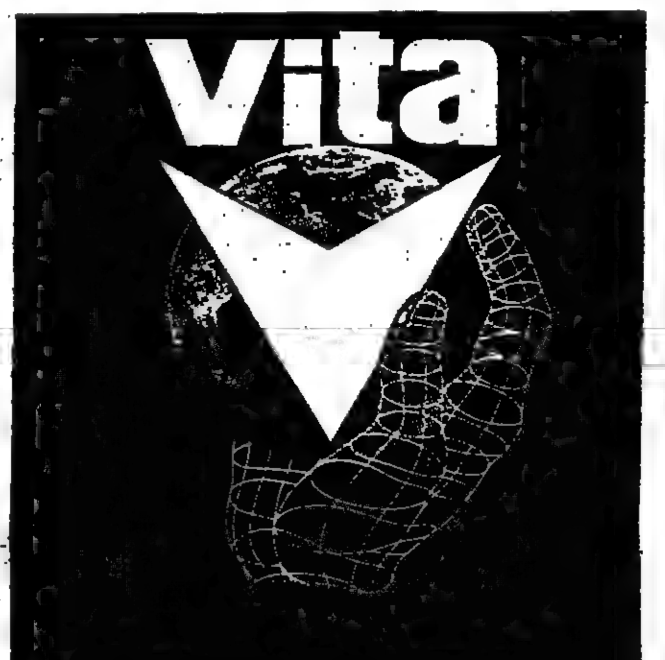
Second quarter	1986-87 $	1985-86 $
Revenue	1.18bn	1bn
Net profits	28.2m	26.7m
Net per share	0.46	0.43
Six months		
Revenue	2.14bn	1.85bn
Net profits	52m	48.2m
Net per share	0.84	0.80

WESTINGHOUSE ELECTRIC
Electrical, industrial eqpt.

First quarter	1987 $	1986 $
Revenue	2.3bn	2.3bn
Net profits	181.0m	132.2m
Net per share	1.26	0.88

WHIRLPOOL
Domestic appliances

First quarter	1987 $	1986 $
Revenue	991m	870.6m
Net profits	42.7m	40.3m
Net per share	0.58	0.57



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The Kingdom of Belgium

£100,000,000

Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 13th April, 1987 to 13th July, 1987 the Notes will bear a Rate of Interest of 10 1/16% per annum. The Interest Amount payable on 13th July, 1987 will be £2,508.73 per £100,000 Note.

County NatWest Capital Markets Limited
Agent Bank

The Financial Times proposes to publish a Survey on

GULF COOPERATION COUNCIL

on MONDAY 8 JUNE 1987

Approaching the sixth Anniversary of its formation, GCC is gaining a political and economic weight which few would have believed possible in such a young organisation. Its six member states are working together in a variety of economic fields and the existence of the Council has undoubtedly helped them to strengthen their collective security at a time of turbulence in the Gulf region.

This survey will examine the organisation's achievements and its goals for the future as well as covering the following topics.

Foreign Relations — Industries
Defence — Economic Integration
History & Structure of the GCC — Education
Regional Economy — The Labour Market
Financial Markets

For an editorial synopsis and advertising information, please contact:

Hugh Sutton or Laurette Locamte-Peacock
on 01-248 8000, ext 3238/3515

The content, size and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor

Wells Fargo & Company

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Floating Rate Subordinated Notes due July 1997

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 15th April, 1987 to 15th July, 1987 the Notes will carry an Interest Rate of 7⅛% per annum.

Interest payable on the relevant interest payment date 15th July, 1987 will amount to US$180.10 per US$10,000 Note and US$900.52 per US$50,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

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THE KINGDOM OF DENMARK

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months interest period from the 9th April 1987 to 9th July 1987, the Notes will carry a rate of interest of 10 1/16% per annum. The relevant Interest Payment Date will be 9th July 1987. The Coupon Amount per £5,000 will be £126.22 payable against Surrender of Coupon No: 14.

Hambros Bank Limited
Agent Bank

U.S. $300,000,000

Province de Québec

Floating Rate Notes Due 2001

Interest Rate	6⅞% per annum
Interest Period	15th April 1987 15th October 1987
Interest Amount due 15th October 1987	
per U.S.$ 10,000 Note	U.S.$ 349.48
per U.S.$250,000 Note	U.S.$8,736.98

Credit Suisse First Boston Limited
Agent Bank

ANGLIA
BUILDING SOCIETY

(Incorporated in England under the Building Societies Act of 1874)

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Floating Rate Notes Due January 1998

Notice is hereby given that the Notes will bear interest at 10 1/16% per annum for the interest period 14 April, 1987 to 14 July, 1987.

Interest payable on the relevant interest payment date, 14 July, 1987 will amount to £125.44 per £5,000 Note and £6,271.83 per £250,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

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The Bank of New York Overseas Finance N.V.
(Incorporated with limited liability in the Netherlands Antilles)
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Notice is hereby given that the Rate of Interest has been fixed at 6 15/16% p.a. and that the interest payable on the relevant Interest Payment Date, July 15, 1987, against Coupon No. 14 in respect of U.S.$10,000 nominal of the Notes will be U.S.$175-36.

April 15, 1987, London
By: Citibank, N.A. (CSSI Dept.), Reference Agent CITIBANK

US$200,000,000 Guaranteed Floating Rate Notes
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(Incorporated with limited liability in the Netherlands Antilles)
Unconditionally guaranteed by
CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 6¾% and that the interest payable on the relevant Interest Payment Date, July 15, 1987 against Coupon No. 29 in respect of US$10,000 nominal of the Notes will be US$170.63.

April 15, 1987, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

INTERNATIONAL COMPANIES and FINANCE

David Thomas on a Canadian group's changing approach to growth

Northern Telecom looks to Europe

NORTHERN TELECOM, the Canadian telecommunications equipment manufacturer, is changing its approach to the European market. It is planning to increase considerably its direct presence in Europe.

Northern, which last year had net income of $286m on sales of $4.383bn, dominates the North American equipment market together with American Telephone and Telegraph, but its success in Europe has so far been restricted to a number of products and countries.

Its private exchanges are made under licence in several countries including the UK, Italy and Sweden. It sells packet switched data equipment in West Germany, it has supplied public exchanges to Mercury Communications, the rival operator to British Telecom in the UK, and it has a large joint venture in Turkey.

Northern accepts that its decision to enter most European markets through licence agreements has limited its visibility.

Mr Edmund Fitzgerald, Northern's chairman and chief executive officer, stressed that Northern had no intention of ending its licence arrangements, but he added: "I think in both the Pacific Rim and in Western Europe, you will find us taking a bolder position now.

"Direct investment and strategic alliances are all in our copybook."

Mr Fitzgerald argued that two factors were creating greater opportunities for Northern both to sell more equipment and to forge alliances in Europe.

The first was the move towards telecommunications liberalisation in many European countries. The second was the uncertainty created by the recent acquisition by Alcatel of France of the telecommunications interests of ITT of the US.

"There is a new attitude towards alliances in Europe, because many companies are concerned at the impact of the Alcatel-ITT merger on them," Mr Fitzgerald contended.

He added: "More telecommunications manufacturers are as a result talking more seriously about alliances than in the past."

Mr Bruce Tavner, vice-president in charge of the company's European operations, said Northern was more likely to forge different alliances in each European market, but he did not rule out the possibility of Northern forming a single major alliance across Europe.

He disclosed that Northern intended to increase its sales in Europe from about $200m last year to about $350m by the end of 1988 excluding growth through acquisition.

Northern wanted to sell more to the Bundespost, the German telecommunications authority, with which it is discussing sales of its smaller private exchanges.

Asked whether Northern, which has manufacturing plants in the UK and Ireland, would set up a factory in West Germany, Mr Tavner said: "It's coming. It's not imminent, but it's just over the horizon."

Mr Tavner mentioned the Netherlands, Greece, Portugal and Spain as markets where Northern did little business at present, but where it intended to become more active.

Mr Fitzgerald would not be drawn on the contest for CGCT, the company which controls 16 per cent of the French public exchange market, other than to say that Northern's bid fully complied with all the conditions laid down by the French Government about French partners.

Unity to sell A$342m of assets to cut debt

BY CHRIS SHERWELL IN SYDNEY

THE TROUBLED Unity Group, headed by Sydney-based entrepreneur Mr Garry Carter, is to sell A$342m (US$246.6m) worth of assets in a bid to reduce its debts and restore investor confidence.

The move follows a failed attempt by the insurance, investment and property group to take over Humes, the Melbourne building products company, and Unity's costly settlement with the National Companies and Securities Commission (NCSC), Australia's stock market watchdog, which investigated the bid.

Unity said the failed takeover will result in a loss to Unity APA, which is jointly owned by Unity Corporation and its subsidiary APA Holdings, of A$25.2m. Income tax benefits carried forward will reduce this to A$10.7m.

The company is now embarking on a series of radical changes, selling property and equity investments to reduce and consolidate its business activities and to cut its debt.

APA is to sell its share portfolio, yielding an estimated A$25m and is seeking A$40m for its building in the heart of Sydney's financial district. Unity hopes to raise A$35m by reducing its 85 per cent stake in APA to 51 per cent through a placing with unspecified UK institutions.

Together with the sale and leaseback of other property—a hotel and car park—the sale of other buildings and the sale of a venture capital company, the group hopes to realise some A$176m.

This will bring an estimated profit of A$40.7m, the group said, and would therefore exceed the loss on the Humes investment.

As Unity APA will also receive A$166m from the disposal of its 36 per cent interest in Humes to the Smorgon group later this month, total proceeds would amount to A$342m.

This will be used to retire all of Unity's and APA's debt, which amounts to A$235m, and to buy back A$90m worth of APA shares and to cancel them, leaving a surplus of A$17m.

At the end of this streamlining programme, the group said, it would have a consolidated equity base of A$240m, and no debt. The strategy would ensure that "the hard-won gains of the past two years are preserved."

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15th April, 1987 to 15th October, 1987

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 7¼ per cent and that the interest payable on the relevant interest payment date, 15th October, 1987 against Coupon No. 9 will be US$368.54 per Note.

Agent Bank:

Morgan Guaranty Trust Company of New York
London

Labour dispute hits gold mines managed by JCI

BY JIM JONES IN JOHANNESBURG

ABSENTEEISM and go-slows by black workers protesting against threatened retrenchments affected production in the March quarter at Randfontein and Western Areas, the two South African gold mines managed by Johannesburg Consolidated Investment (JCI).

Both mines are engaged in underground mechanisation programmes and are due to start retrenching employees

Western Areas was particularly badly affected as the gold recovery grade dropped to 3.7 grams per tonne (g/t) from the December quarter's 4.1 g/t as richer underground ore could not be mined and underground tonnage lost because of stoppages was replaced at the mill by ore from low-grade surface dumps.

Mill throughput dropped to 964,000 tonnes from 1.03m tonnes and the lower gold production combined with weaker rand-denominated gold prices and sharply higher working costs to leave the mine with a loss on gold production for the quarter. Uranium and other profits returned the mine to profits.

Randfontein was affected similarly, but, though its gold recovery grade dropped to 3.9 g/t from 4.1 g/t, the mill throughput increased to 1.78m tonnes from 1.70m tonnes as greater tonnages of surface dump material could be milled.

The dispute with the National Union of Mineworkers has not been resolved and JCI is opposing the union's application for establishment of a Conciliation Board. It says only a small percentage of Randfontein's black employees will be retrenched and that about 15 per cent of Western Areas' men will be retrenched by July.

	Gold produced (000 oz) Mar 87	Dec 86	After-tax profit (Rm) Mar 87	Dec 86	Earnings (cents per share) Mar 87	Dec 86
Randfontein	222.8	224.2	99.16	99.19	679.3	297.9
Western Areas	114.7	132.2	7.01	29.50	(2.1)	28.5

Earnings per share calculated after capital expenditure. Western Areas had negative earnings in the March quarter.

Anglovaal profits reduced by lower rand prices

BY OUR JOHANNESBURG CORRESPONDENT

LOWER AVERAGE rand-denominated gold prices brought reduced profits in the March quarter at the three principal gold mines managed by Anglovaal of South Africa, although production was comparatively steady.

Profits were also reduced by the termination of forward sales contractors in December.

A higher recovery grade allowed Hartebeestfontein, the largest of the group's mines, to increase gold production despite a fall in mill throughput. However, the working profit from gold mining dropped to R130m ($64.5m) from R165.9m. Uranium production dropped to 109.8 tonnes from 116.4 tonnes but the profit from uranium sales rose to R12.3m from the December quarter's R637,000.

Loraine's recovery grade dipped to 5.5 grams per ton (g/t) from 5.8 g/t and led to lower gold production although mill throughput increased to 380,000 tonnes from 377,000 tonnes. Mining analysts in Johannesburg believe that Loraine will be used by Anglovaal to develop a new gold mine on ground being prospected to the north of the mine property. The house has not yet disclosed drilling results.

Eastern Transvaal Consolidated Mines, which operates a number of small mines near Barberton, increased gold recovery grade to 10 g/t from 9.4 g/t but suffered a lower mill throughput of 89,300 tonnes against 93,200 tones.

The company is establishing another mine and exploring for new ore deposits in the surrounding mountains. Its mines are based on vein deposits, not the normal sedimentary deposits

	Gold produced (000 oz) Mar 87	Dec 86	After-tax profit (Rm) Mar 87	Dec 86	Earnings (cents per share) Mar 87	Dec 86
E. Tvl Cons	28.8	28.2	9.29	14.95	82.2	57.3
Hartebeest	257.9	257.1	62.63	69.72	34.8	42.7
Loraine	67.6	69.4	10.01	15.12	38.5	73.8

Earnings per share are calculated after capital expenditure and loan repayments.

Makita Electric pre-tax earnings ahead by 21%

BY YOKO SHIBATA IN TOKYO

MAKITA Electric Works, Japan's largest manufacturer of electric tools, boosted pre-tax profits by 21.5 per cent in the year to February to Y14.76bn ($102m) and is to start integrated production of power tools in the US in June.

Mr Takenshi Kato, the company's president, said this was in order to combat the yen's appreciation and Japan-US trade friction

Makita, which has been manufacturing 30,000 units of electric drills monthly in Buford, Georgia, on a knockdown basis since November 1985, intends to raise the output to 50,000 units a month within the year.

Mr Kato said the ratio of its US production to exports will rise from 5 per cent to 6 per cent in June and higher in the future. He said 80 to 90 per cent of the company's exports to the US would be affected by additional penalty tariffs expected to be imposed by Washington in retaliation for Japan's alleged failure to observe a semiconductor agreement signed last September.

Although the results for 1986-87 benefited from a drop in exchange loses to Y0.384m from Y3.75bn a year earlier, net profits at Y6.65bn were down 1 per cent, on turnover of Y75.6bn, up 1.3 per cent.

The marginal increase in sales was blamed on slow exports of electric tools due to the stronger yen. Exports amounted to Y64.5bn, up 0.5 per cent.

Makita, which is holding its dividend at Y18 per share for the year, projects pre-tax profits at Y13bn in 1987-88 on sales of Y95bn. It says this assumes an average exchange rate of Y145 to the dollar—each Y1 rise in the Japanese currency against the US unit translates into an earnings loss of Y200m

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(Formerly The Clydesdale (Transvaal) Collieries Limited)
(Registration No. 01/01124/06)

ISSUED CAPITAL: 16,862,721 shares of 50 cents each

	Consolidated Quarter ended 31 March 1987	Consolidated Quarter ended 31 December 1986
OPERATING RESULTS (tons 000)		
Total mined	2,581	2,312
Tons sold	2,180	1,814
FINANCIAL RESULTS (R000)		
Sales and other revenue	48,609	43,901
Cost of sales	36,493	33,967
Profit before tax	12,116	9,934
Tax	3,060	4,278
PROFIT AFTER TAX	9,056	5,656
Capital expenditure	2,688	5,803
Dividend	—	8,431

NOTES:
1. Dividend Received: An extraordinary dividend, which will not recur, of R4.7 million, was received from an associate company during this quarter. This amount is included in the above profit.
2. Capital Expenditure: The unexpended balance of authorised capital expenditure at 31 March 1987 was R5.0 million.
3. Dividend: A dividend (No. 147) of 50 cents per share declared on 11 December 1986 was paid to members on 11 February 1987.

On behalf of the Board,
P. R. JANISCH
A. M. D. GNODDE
Directors

13 April 1987

NEW ISSUE [illegible]

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APRIL 1987

U.S. $150,000,000

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NEW ISSUE

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MARCH 1987

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S.G. Warburg Securities

Prices plunge in secondary dealing

BY CLARE PEARSON

THE EURODOLLAR bond market had one of its most turbulent recent sessions yesterday, taking its cue from the US Treasury bond market, where prices slumped in reaction to the unexpectedly bad February trade deficit and the sharp fall in the dollar.

Prices in the secondary market had dropped by a percentage point or more during the morning on nervousness about the US trade figures.

After news that the deficit came out at $15.1bn, they fell further and by mid-afternoon were showing falls of as much as two percentage points among longer maturity bonds. Recent issues such as the $150m deal for Japan Development Bank announced last week were quoted at discounts of about 5 points to their issue prices.

As the dollar and US bond market steadied somewhat later, Eurobonds also regained some composure by the close.

Turnover reached the highest levels seen this year— amounting to almost $200m at one house, according to a dealer. This was generated almost entirely by professionals, with retail investors steering clear in the hope of price improvements later.

The kind of price falls seen yesterday and over the past week imply severe losses for Eurobond houses. Yet most people in the market thought the effects would be limited by the fact that dealers have been reducing their long positions in this sector of the market for the past few months.

"It's certainly difficult but I don't think it's terminal," said Mr G. Edwin Smith, head of syndicate at Prudential Bache Capital Funding.

Retail buying of Eurodollar bonds has been negligible this year, so dealers have been keeping their inventory light and hedging long positions. They have been helped in this by a sharp curtailment in the supply of new issues. In the first quarter of 1987, issues of Eurodollar bonds totalled $17bn or 36 per cent of all Eurobond issues, compared with a total in 1986 of $114bn or 63 per cent of Eurobond issues.

This is in contrast to the state of the market during a similar sell-off in the early summer of last year, when dealers had been

INTERNATIONAL BONDS

building up heavy inventories encouraged by falls in US interest rates.

"I just do not think there will be so much blood on the street this time," said one dealer. Nevertheless, dealers were expecting the tone to remain nervous for many days to come.

Dealers point out that lack of confidence in the Eurodollar market has been reflected in a widening of yield margins relative to the US Treasury bonds over the past few days — meaning that Eurodollar bond prices have fallen further than US Treasury bonds. This represented a reversal of their tendency over the past few weeks to narrow while US Treasury bond prices have fallen.

The general decline in the market yesterday did not seem to affect prices of Eurobonds issued by Texaco, which filed for protection under Chapter 11 of the US bankruptcy code over the weekend. Firm prices were hard to obtain, but the straight fixed rate Texaco bonds were indicated at around 65 bid, 75 offered, around the levels to which they fell after news of the filing over the weekend.

Prices of Euroyen bonds fell up to half a point on recent oversupply of new paper. The issue for Union Bank of Switzerland was quoted 2¼ points below issue price.

In West Germany, prices fell by up to ¾ point amid some selling pressure, heavily influenced by the currency and the US bond markets. In Switzerland, prices fell slightly on currency fears.

Inflation fears bolster gold-linked paper

BY STEPHEN FIDLER

THE PACE of issuance of gold-linked paper was stepped up in the Eurobond market yesterday —a sure sign that international investors are growing more worried about inflation.

After a number of successful gold-backed deals in Swiss francs, Salomon Brothers launched on Monday an Ecu 75m issue for St Gobain Netherlands to a receptive market. It paid interest at 4½ per cent, and carried warrants allowing holders of each Ecu 1,000 bond to buy an ounce of gold at $490.

In apparently the first issue of its kind, Banque Paribas Capital Markets yesterday launched a $50m bond which is convertible into gold and carries warrants exercisable into gold.

As a result of the highly leveraged play on the currently buoyant gold market given to holders of the bond, the borrower, International Corona Resources (Bermuda), has been able to obtain a coupon on its five-year bond of an indicated 3 to 3½ per cent. The guarantor of the issue is its Canadian parent.

Paribas said the issue was probably the first convertible of any kind also to carry warrants, and reported that it was trading close to its par issue price.

The conversion premium will be 20 per cent and the paper is convertible between 1988 and 1992. The warrant premium is 25 per cent, and the warrants are exercisable over the three years from next month.

In the Swiss franc market, Belgium issued through Credit Suisse a second tranche of the SFr 100m gold-linked issue it launched last week, carrying a different coupon and maturity. This SFr 50m six-year tranche matures in 1993 and carries a 3 per cent coupon. Each SFr 50,000 of bonds carries warrants sufficient to allow the holder to buy 750 grammes of 5 oz of gold at $440 an ounce.

Citibank NA Zurich also offered 20,000 warrants at SFr 610 each, through Citicorp Investment Bank. Each warrant entitles the holder to buy 5 oz of gold at $440 an ounce.

In sterling, Blue Circle Industries became the latest of a series of UK borrowers to launch a convertible Eurobond. Its £55m issue, through Baring Brothers, carried an indicated coupon of 6¾ per cent and a conversion premium indicated at 6 to 10 per cent.

The issue, with a final maturity in 2002, is callable if the share price exceeds 130 per cent of the conversion price at 106 in the first year, declining by one point a year thereafter to par. It was quoted close to its par issue price.

IBJ International bought its parent, the Industrial Bank of Japan, with a Y30bn issue. The 10-year bond carried a coupon of 4¾ per cent and a price of 101¾, which appeared tight. But IBJ said it had kept tight rein on the issue, a factor which improved its performance in a rather sickly market.

Amsterdam-Rotterdam Bank became the latest borrower in Australian dollars, launching a A$60m three-year issue at a price of 101½ through EBC-Amro Bank, with a 14½ per cent coupon. It was quoted at a discount outside its 1½ per cent total fees.

Volvo, the Swedish industrial group, brought a A$50m dual currency bond in a private placement through Trinkaus und Burkhardt and Manufacturers Hanover. The three-year bond, priced a 100½, carries a coupon of 10½ per cent payable in D-Marks. The bonds are payable in D-Marks at DM 1,290 per A$1,000 and repayment will be in Australian dollars.

The close linkage between the Canadian and US bond markets meant a difficult day for the C$50m issue brought by Merrill Lynch Capital Markets for British Columbia Telephone. The seven-year bonds were given a coupon of 9¼ per cent and a price of 101¾.

ROCHE LAUNCHES FIRST BOND

IN THE first appearance on the public capital market, Hoffmann-la Roche, the Swiss chemicals and pharmaceuticals group, is to issue a series of subordinated zero coupon bonds linked to gold warrants of Credit Suisse, the Zurich bank, writes John Wicks in Zurich.

A Roche executive said yesterday that this was probably the company's first capital market issue of any kind, "though there may have been private placements made in the 1920s."

CME turns down plan to ban dual trading

By David Owen in New York

MEMBERS of the Chicago Mercantile Exchange, the world's second largest futures exchange, have voted by a three-to-one margin to reject a proposal to ban dual trading by floor brokers in the CME's busy stock index futures and options pits. The controversial practice permits brokers to trade for their own account as well as for customers.

The result of the referendum, which followed a petition signed by nearly 400 independent floor traders requesting the ban, is effectively a vote of confidence in exchange officials, notably Mr Leo Melamed, the CME's special counsel. They had staked their reputations on an alternative package of proposals, which the exchange will now seek to implement.

While the package stops well short of banning dual trading completely, it does contain a number of recommendations designed to make the lives of those seeking to indulge in dual trading (legitimately or otherwise) considerably more difficult. These include:

- Limiting the use of the top step of the crowded Standard & Poor's stock index pits (where customers' orders enter) to brokers filling customers' orders, rather than trading for their private accounts.
- Requiring S&P 500 brokers trading for their own accounts to record manually the time of trades to the nearest minute.
- Limiting trading within broker groups or associations which work together and split their commissions.

Mr William Brodsky, the CME's president, said that he expected the recommendations to be submitted for approval by the Commodity Futures Trading Commission, the US futures industry watchdog, later this week.

In its anxiety to respond to complaints of poor execution of customers' orders and alleged trading abuses in its S&P pits, the CME has also moved recently to strengthen its self-policing staff, hiring a compliance officer and additional floor investigators.

Further changes, which may include the eventual transmission of orders from inside the pit and an automation system for small orders, are believed to be under consideration.

$200m facility for Pioneer Concrete

By Alexander Nicoll

PIONEER CONCRETE Services, the Australian building products group, has mandated Swiss Bank Corporation International to arrange a $200m multi-option facility.

The five-year facility is to be used both for general funding purposes and to back issues of Eurocommercial paper. It carries a facility fee of 7.25 basis points on the portion deemed to be available at any time, and 6.25 basis points on the "unavailable" portion.

Notes and advances may be issued at a maximum of 10 basis points above London interbank offered rates. The borrower will pay utilisation fees of 5 basis points if the facility is more than one-third drawn, and 7½ basis points if drawings exceed two-thirds. Front end fees range up to 7½ basis points.

VNU expects further growth

VNU, the Dutch publisher, expects net profit growth to continue in 1987, Reuter reports from Haarlem.

VNU last month announced a 14.8 per cent rise in 1986 net profits to Fl 75.2m ($37m), while turnover rose to Fl 1.73bn against Fl. 1.59bn in 1985.

Mr Joop Brentjens, the chairman, called the results slightly disappointing, but said he expected an improvement this year.

The company has disposed of its loss-making activities and newly acquired subsidiaries will add to the results, he said. Half of 1986 turnover growth was due to new VNU subsidiaries.

"VNU will be focusing on publishing, printing and distributing in the media sector," Mr Brentjens said.

Mortgage Funding

MORTGAGE FUNDING Corporation (MFC) was incorrectly described in the April 13 edition of the Financial Times as a joint venture of Allied Dunbar and the Mortgage Trust subsidiary of Scandinavian Bank. We have been asked to point out that MFC was created in 1985 by Kleinwort Benson, which manages it. Allied Dunbar and Mortgage Trust are the first two committed originators of its mortgage assets.

Tokyo may give foreign firms role in NTT sale

BY GORDON CRAMB

THE JAPANESE Government appears ready to offer foreign securities houses a role in the sale of shares in Nippon Telegraph and Telephone (NTT), the telecommunications utility which is Tokyo's key privatisation issue and the world's biggest company by market value.

Officials are currently mapping out a programme for the second tranche of NTT shares due to be released in the market this autumn. The auction follows the launch of the company on the Tokyo Stock Exchange in February, when its shares soared despite an already massive rating.

They are considering inviting a number of overseas broking firms operating in Japan to join the underwriting consortium for the issue. The proposal is seen in Tokyo as addressing the twin issues of overseas access both to the country's telecom sector and its financial markets which have been at the centre of trade frictions in recent weeks.

It comes as part of a plan to allow foreign investors to purchase shares in NTT. Although this relaxation had been expected, it has now become clear that overseas holdings will be highly circumscribed, in orders to exclude any outside influence on management control of the company.

NTT, which operates Japan's internal telephone service, is protected by a law which requires it to reject registration of shares unless held by Japanese nationals. According to government officials, no change to this legislation is in prospect before the autumn tranche of equity is offered.

A "device" is now being contemplated, however, which would allow foreigners to hold shares without voting rights. It remains unclear whether a special class of capital would be established or whether ordinary shares would merely be traded in bearer form. This restriction is in addition to any overall ceiling the authorities may set on foreign ownership of NTT.

Neither the opening up of NTT to foreign investment nor a widened underwriting group are likely to be greeted with great enthusiasm outside Japan. Some London broking firms were yesterday viewing with embarrassment the prospect of being asked to commit funds to an issue which is trading on a prospective earnings multiple of more than 200.

Japanese domestic institutions remain underweight in NTT, which accounts for about 12 per cent of the whole Tokyo market. The issue later this year of 1.95m shares, representing 12.5 per cent of NTT's equity and bringing to a quarter the proportion of its shares publicly held, is thus not expected to be made at any deep discount to market levels prevailing then.

It is still undisclosed how many overseas securities houses might be offered an underwriting role, although they are expected to include some if not all of the Tokyo Stock Exchange's six foreign member firms.

Japan formula on FRN losses

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Ministry of Finance and the National Tax Office have agreed with the big banks a method of valuing their huge inventories of pepetual floating rate notes that enables them to avoid showing heavy losses on their positions in their results for the financial year ended on March 31.

Japanese banks have had difficulty in arriving at valuations because trading in most perpetuals has been suspended for several months since the crisis of confidence in the sector forced most market makers to close their shutters.

The authorities have ruled out the banks' suggestion of writing down the losses by taking an "indication price" for their FRN holdings. Instead, they have instructed the banks to write them down by a more conventional method based on market prices.

However, the authorities have decided to allow banks to use market prices dating back to April 1 1986. They may take the nearest market price of a perpetual FRN during the previous year to evalue losses on notes.

Perpetual FRNs, which were issued in considerable quantities by banks in several countries including the UK, Australia and Hong Kong where they are treated by the banking authorities as equity capital, carry no redemption date and offer slightly higher coupons than conventional bonds.

Japanese banks seized eagerly on perpetuals as an ideal instrument for building up their foreign currency assets. They are now believed to hold 65-70 per cent of all the perpetuals in issue, which have a total face value of about $18bn.

The hiccup in the perpetual FRN market before Christmas was triggered when dumping of the notes by some American banks and one big Japanese trust bank coincided with a downturn in prices caused by an overhang of paper.

Japanese banks suffered heavy losses in early January when the US-UK agreement on equity ratios was unveiled. Under the definition of capital in the agreement, banks' holdings of securities (including perpetural FRNs) issued by other banks must be deducted from capital.

This ruling sent a shock wave through Japanese banks, which had been counting on their holdings of perpetual issues to improve their net worth ratios. Prices fell steeply, most market makers stopped quoting prices and only indicated prices have been presented in recent months.

The Japanese banks, wanting to write down losses on their perpetual FRN holdings in the 1986-87 fiscal year, faced the problem of how to value their holdings of perpetuals in the absence of market prices.

Since their request to make the write-down by using indicated prices was turned down by the MoF, the banks have had to close their 1986-87 accounts with unrealised losses on their balance sheets. The banks' total losses on their holdings of perpetual FRNs are at around $1bn.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 14

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Morgan Stanley International — Nomura International Limited

Swiss Bank Corporation International Limited — Union Bank of Switzerland (Securities) Limited

The issue price of the Bonds is 100 per cent. of their principal amount, plus accrued interest, if any. Application has been made to the Council of The Stock Exchange for the Bonds to be admitted to the Official List.

Interest will be payable annually in arrear on 7th May of each year, commencing on 7th May, 1988.

Listing Particulars relating to the Bonds and the Issuer are available in the statistical service of Extel Financial Limited and copies may be obtained during usual business hours up to and including 17th April, 1987 from the Company Announcements Office of The Stock Exchange and up to and including 29th April, 1987 from:

Smith & Nephew Associated Companies plc, 2 Temple Place, Victoria Embankment, London WC2R 3BP

Credit Suisse First Boston Limited, 22 Bishopsgate, London EC2N 4BQ

Kleinwort Grieveson and Co, 20 Fenchurch Street, London EC3P 3DB

National Westminster Bank PLC, Stock Office Services, 20 Old Broad Street, London EC2N 1EJ

15th April, 1987

UK COMPANY NEWS

Merchant banks make losses on Woolworth

By Graham Deller

SUBSTANTIAL LOSSES were incurred by three merchant banks as a result of operations to support Woolworth's share price during its successful defence against last summer's £1.8bn bid from Mr Stanley Kalm's Dixons Group.

Purchases amounting to some 1.4m Woolworth shares apiece at prices ranging from 695p to 805p were made by Charterhouse, N. M. Rothschild and Goldman Sachs between June 11 and July 2 last year.

The shares were subsequently sold in July at just under 620p each.

Woolworth had made no agreements with its advisors regarding their possible losses. Yesterday the three banks were keen to emphasise that such share transactions were part and parcel of normal activities on behalf of clients.

Details of the losses emerged in Woolworth's document relating to the agreed £230m offer for Superdrug, the specialist drugstore chain which Woolworth targeted following the breakdown of talks with Underwoods, the London-based retail chemist.

Institutions take up 50% of Rexmore offer

Rexmore, the Liverpool-based fabric supplier and distributor, announced yesterday that the offer for shareholders to subscribe for new ordinary shares in the company had closed.

Valid applications had been received from 1,224 ordinary and preference shareholders in respect of 2.215m shares representing 49.9 per cent of the offer.

The remaining 2.226m shares would betaken up by institutions with whom the shares were conditionally placed last month.

Rexmore announced the £2.1m placing of 4.44m new ordinary shares at 51p to help its investment in specialist areas of textile distribution and of the timber trade.

J. ROTHSCHILD has purchased 1m of its own ordinary shares for cancellation at 156½p each. The issued capital will be 323,362,152 shares.

Taylor Woodrow pushed to 7% rise by UK surge

MUCH BETTER figures from the UK side more than offset a severe setback in overseas operations, and left the Taylor Woodrow group showing a 7 per cent profit increase, from £53.65m to £57.56m, for 1986.

Profit in the UK advanced from £21.72m to £39.6m, but overseas it fell from £31.94m to £17.94m. The Americas and Middle East suffered the most, their contributions sliding from £18.92m to £13.29m and from £7.95m to £2.03m respectively. Australasia fell £1m and the Far East experienced a £1.86m turnround into a loss.

Sir Frank Gibb, group chairman and chief executive, said the year recorded the 26th consecutive increase in profits, and it was considered not unsatisfactory.

Overall profits from the property sector grew 27 per cent, and came mainly from increased rents and trading income and not from profits on disposals. In the UK Taylor Woodrow Homes earned higher profits in buoyant conditions.

UK contracting profits had grown strongly, although not enough to offset the decline in overseas contracting earnings. In response to the reduced business in the Middle East, worldwide marketing efforts had been broadened.

Sir Frank expressed confidence in the future, based on the diverse activities, and the strong balance sheet with its rapidly appreciating property portfolio.

Value of the property portfolio advanced by £100m to £409m during 1986, including a £58m gain following a professional revaluation. After minorities, £55.8m went to revaluation reserve.

In 1986 the group provided £742.3m (£739.4m) of turnover and £54.18m (£46.63m) of profit, while the related companies' shares was £50.9m (£72.8m) and £3.37m (£7m).

A split of turnover and profit by activity showed: contracting £517.8m (£573m) and £15.35m (£18.89m); property £47.8m (£49.2m) and £20.37m (£16.33m) with gross rents increasing to £38.8m (£34.3m); housing £149.7m (£121.8m) and £16.23m (£14.04m); other £77.9m (£68.2m) and £5.25m (£4.39m).

The dividend for the year is raised from a scrip adjusted 8.625p to 9.5p net, with a final of 7.25p. Earnings were 27.1p (24.5p) after tax £15.44m (£12.78m) and minorities £2.96m (£2.6m).

See Lex

Geo. Oliver buys Timpson Shoes

BY MIKE SMITH

George Oliver, footwear retailer, yesterday announced the acquisition of Timpson Shoes for £15m.

Oliver says the acquisition will virtually double its size and create Britain's third largest specialist footwear retailing chain.

The combined businesses have about 500 shops and annual sales of around £90m.

Both Timpson and Oliver have suffered in recent years because of the recession in the British footwear industry but Mr Malcolm Tebbatt, Oliver finance director, said yesterday that, together, they would be better placed to compete.

Benefits would arise from rationalisation and economies of scale in buying, distribution and finance. The areas of the UK in which the companies operated were complementary: there were only 30 towns where both were represented.

Under the deal Oliver will acquire Timpson's 228 shoe shops, situated mainly in Lancashire, Scotland, Teesside and Yorkshire.

The Timpson shoe repair division will be sold to Richcentral, for £3m cash, resulting in a net consideration of £12m.

Oliver, advised by Kleinwort Benson and which has received irrevocable undertakings from the owners of 76.8 per cent of Timpson's equity, is offering 4 new A shares and £24.94 in cash for every 59 Timpson ordinary shares.

Kleinwort Benson is offering to buy or find purchasers for the new Oliver A shares. It will pay 375p for each. There is also a loan note alternative.

Timpson Shoes was formed as the result of a management buy-out from Hanson Trust in 1983. Since then it has struggled along with the rest of the British shoe industry and is now loss-making.

River & Mercantile to be split level fund

BY NIKKI TAIT

River & Mercantile Trust, the £116m non-specialist investment trust, anounced yesterday that it plans to turn itself into a split level fund, offering a package of shares with different income and capital elements, in exchange for the single type issued at present.

According to the managers, the move should eliminate all or much of the current discount—the difference between the trust's share price and its net asset backing. Ahead of the announcement, this stood at 12 per cent, with net assets calculated at 237p a share; following the news, the shares added 7p to 216p.

Full details of the conversion will not be disclosed until next week, although managers say that no major change of underlying investment policy is planned.

The scheme has the support of the Water Authorities Superannuation Fund, which earlier this week announced the acquisition of a 14.77 per cent stake in River & Mercantile

The Water Authorities—which last month was a key player in the moves to unitise US Debenture Corporation, another larger general investment trust—said yesterday that it had bought the stake because it believed the River & Mercantile scheme was interesting and, if successful, might prove more widely applicable.

At market prices, the stake is worth some £15m.

Precis bid values Belgrave at £35m

By Terry Povey

Precis, a private company controlled by the Rabheru family, has been pressured into making a full bid for Belgrave Holdings after two weeks of tense negotiations with Naaz Holdings, an unquoted company run by Mr Nick Jivraj.

Commenting yesterday Mr Annant Rabheru, the property company's chief executive, said that the take-over was an "amicable solution to an untennable situation where two major shareholders were working agains each other."

At 235p, a share, the offer values Belgrave at £35m and providing sufficient acceptances are received the Rabherus plan to cancel the company's listing and take it private.

Mr Annant Rabheru and his father are members of Belgrave's four-man board. Larksila SA, a Swiss company controlled by the Rabheru family, has a 29.9 per cent stake

The take-over move comes a little over two weeks after Belgrave shareholders heavily defeated a proposal from its board to sell the company's four London hotels to the Rabherus for £10.6m. Dissident shareholders objected to this proposal on the grounds that the consideration was about the same as the amount paid for the hotels to the Rabherus in 1984 in spite of steep increases in central London property prices since then.

Naaz Holdings acquired its 29.9 per cent stake in Belgrave at 150p a share a couple of days before the asset disposal vote and obtained strong institutional support for their stand against this deal. Selling at 235p, the Jivrajs have collected a £3.8m profit on their share parcel

The all cash offer for Belgrave by Precis will involve the expenditure of almost £25m by the Rabherus. The ordinary share offer is not underwritten but English Trust, Belgrave's advisors, say it is satisfied that Precis has sufficient resources available to it to satisfy the offer in full. However, a parallel offer of 100p for each of Belgrave's 250,000 cumulative preference shares is financially backed by English Trust.

For 1986, Belgrave reported a pre-tax profit of £1.81m (£2.29m) on a turnover of £9.7m (£7.4m).

RMC

Preliminary Announcement

Year ended 31st December 1986

Financial Highlights

	1986 £m	1985 £m
Turnover	1633.5	1363.8
Operating Profit	115.3	90.7
Profit before Taxation	108.5	79.7
Earnings per share	61.0p	45.3p

Proposed final dividend of 12.5p (1985 9.4p) making an increase for the year of 25%. Proposed one for one scrip issue.

The 1986 Annual Report will be posted to shareholders on 11th May 1987. To reserve a copy, telephone 01-890 1313.

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PREMIER BRANDS

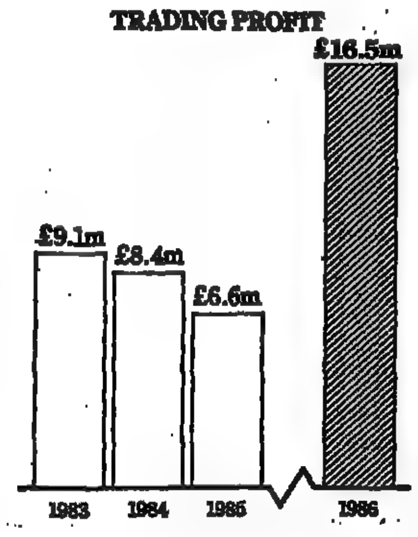
'An extremely encouraging first year'

Paul Judge, Managing Director – Premier Brands Ltd.

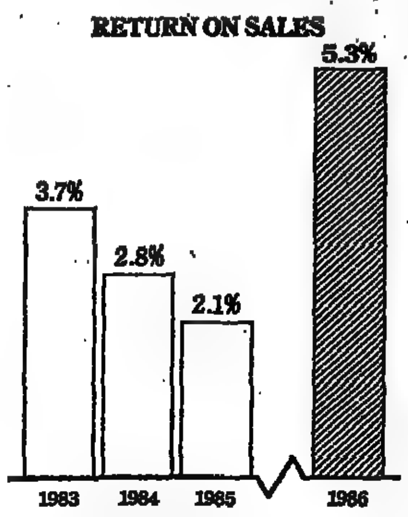
	1986 £ million	1985 £ million
Turnover	308.6	311.1
Trading profit	16.5	6.6
Net Interest	(7.3)	0.9
Profit before taxation	9.2	7.5
Trading profit return on sales	5.3%	2.1%

- Premier Brands began trading in May 1986 following the largest ever management buy-out in the British food industry.
- The 1986 trading profit of £16.5 million reverses the decline of the previous three years and compares very favourably with the £6.6 million earned in 1985. However, the resultant 5.3% return on sales is still below the industry average and further improvement remains a key objective.
- Cash inflow from operations of £41 million arose from this trading profit and the careful management of assets. These results are significantly ahead of the original financial plan agreed with the company's bankers at the time of the buy-out.
- Profit before taxation increased by 23% despite the higher interest payments during 1986 incurred under the new financing arrangements.
- The company continues to develop its consumer portfolio with significant support for the two successful new products, Typhoo One Cup and Cadbury's Chocolate Break.
- Two recent acquisitions, the Melroses and Glengettie tea businesses, have further strengthened the company's product range.
- Results for the current year to date indicate a continuation of the progress made during 1986.

TRADING PROFIT



RETURN ON SALES



These results are an extract from the proforma accounts contained in the 1986 Annual Report, copies of which are available from the Company Secretary.

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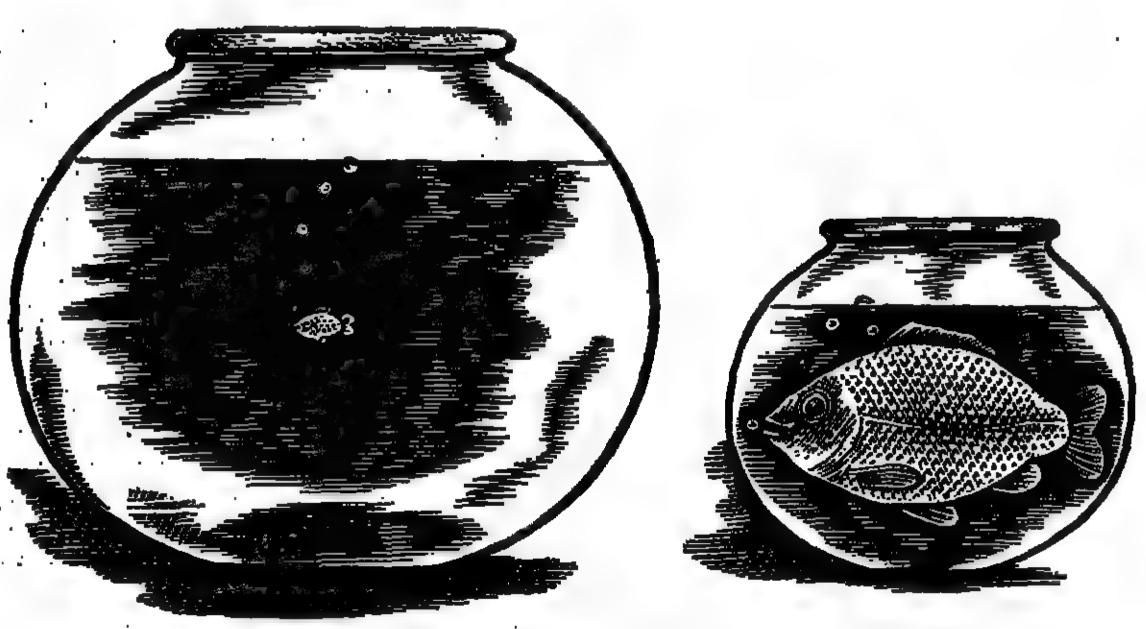

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Wates City of London Properties plc

£25,000,000 9½ per cent. Bonds 1993
Issue Price 99½ per cent.

NOTICE is hereby given to persons entitled to partly-paid Bonds that payment of the final instalment of the issue price, namely £7,950, per Bond is due to be made to Wates City of London Properties plc on 7th May, 1987 ("the due date") in pounds sterling in immediately available funds.

Accordingly:

(1) any such person so entitled whose holding of partly-paid Bonds is shown in the records of Morgan Guaranty Trust Company of New York as operator of the Euro-clear System ("Euro-clear") must authorise Euro-clear not later than its opening of business on 30th April, 1987 to debit his account with Euro-clear on that day with the amount due in respect of his holding of partly-paid Bonds as shown in Euro-clear's books at its close of business on 29th April, 1987 at the rate of £7,950 per Bond; and

(2) any such person so entitled whose holding of partly-paid Bonds is shown in the records of CEDEL S.A. ("CEDEL") must authorise CEDEL not later than its opening of business on 30th April, 1987 to debit his account with CEDEL on that day with the amount due in respect of his holding of partly-paid Bonds as shown in CEDEL's books at its close of business on 29th April, 1987 at the rate of £7,950 per Bond.

Wates City of London Properties plc is entitled to accept payment of the final instalment on any Bond which has not yet been forfeited at any time after the due date of payment. No payment made after the due date shall be accepted unless accompanied by a further payment representing interest accrued at the rate of 10 per cent. per annum calculated from (and including) 7th May, 1987 to (but excluding) the date of actual payment. Payment of the final instalment on any Bond accepted after the due date shall be treated as having been made on the due date. Wates City of London Properties plc may elect at any time after 31st May, 1987 (without giving published notice) not to accept payment of the final instalment on, and to declare forfeited, any partly-paid Bonds in which event it shall be entitled to retain the first instalment thereon and shall be discharged from any obligation to pay any interest on, or to repay, such instalment. Wates City of London Properties plc may re-sell, in fully paid form at any price, any forfeited Bonds.

Neither Euro-clear nor CEDEL will clear any transactions in the Bonds for settlement on or after 7th May, 1987 unless such transactions are in fully-paid Bonds.

WATES CITY OF LONDON PROPERTIES plc

UK COMPANY NEWS

New management puts MBS back into profit

Micro Business Systems, which launched a rescue package early last year consisting of asset sales and a rights issue, yesterday reported that for the 1986 year it had swung from losses of £3.41m to profits of £937,000 pre-tax.

The directors said the turnaround reflected the combination of actions taken by the new management team during 1986 headed by Mr Owen Williams, the chairman designate, and Mr Stafford Taylor, the chief executive.

Determined steps were taken to restore profit margins by negotiating more advantageous terms with suppliers and motivating the sales force by profit-orientated incentives rather than volume targets.

The directors pointed out that MBS was moving away from the basic personal computer market into higher margin value added business.

Mr Taylor said 1987 would see the benefits flowing through from the many actions taken to increase and protect margins.

Mr Williams revealed that the company's trading volumes for the current year were well ahead of 1986. To help finance this increased level of trading activity, pending receipt of the proceeds in May of the one-for-five right issue, the company had recently announced a conditional subscription of 3.5m new shares.

● comment

A year ago, even the most sophisticated computer might have overheated whilst attempting to analyse MBS' results—losses of £3.5m and net borrowing of around eight times shareholders funds—so the new management deserves a pat on the back for achieving profits of nearly a million, even if £400,000 of it depends on treating losses at the now-sold rentals business as an extraordinary item. Gearing after the latest rights issue will be down to a liveable 60 per cent and pre-tax profits will benefit from lower interest charges and loss elimination—which should add around £2m to the bottom line on their own. Given that the turnover target for the year is a near 60 per cent improvement and that the management strategy of shifting to higher margin business is succeeding, a profits forecast is partly a question of "think of a number and double it" and unsurprisingly analysts are opting for anything between £4m and £10m. Those at the lower end are probably underestimating the recovery prospects and the shares, at 109p, still have scope for improvement.

Silvermines dives I£2.3m into the red

Silvermines, a Dublin-based investment holding company, was adversely affected by asset write-downs of oil related investments during 1986 and for the year ran up a loss of I£2.33m (£2.12m) at the pre-tax level.

The directors said the principal factor affecting the portfolio of oil investments was the downturn in world oil prices.

They added, however, that since year end prospects had improved, particularly with regard to the group's Celtic Sea and Turkish oil interests.

The loss, which compares with 1985 profits of £4.27m, has resulted in shareholders' dividend being halved to 2p, the final being 1p. Loss per 2½p share emerged at 16.18p, against previous earnings of 5.52p.

During the year Silvermines realised £2.08m from the sale of 1m shares in Mining Finance Corporation, its Canadian gold mining investment. Since year end it has sold another 500,000 shares realising a further £1.37m.

The PGM precision engineering subsidiary, acquired in the second half, chipped in profits of £264,000 and is expected to make a strong contribution in the current year. PGM Ballscrews contributed £900,000 and continued growth in both sales and earnings is looked for in 1987.

Since the acquisition of 100 per cent of PGM, Silvermines has steadily increased its interests in engineering.

Barham more than trebled at £4.5m

Barham Group, a media and communications company, announced record results for the year ended January 31 1987 with pre-tax profits more than trebled from £1.42m to £4.51m on a turnover more than doubled at £22.34m compared with £11m for 1985-86.

Coupled with the results, the comparisons of which have been restated, was the announcement of a placing of up to 15,622,448, 6.5 per cent convertible preference shares with an open offer to all existing shareholders through Robert Fleming at 100p per share.

The basis of the open offer is 11 convertible preference shares for every 20 ordinary held on April 10 1987. The conversion terms are on the basis of 52 ordinary shares for every 100 convertible preference held. Conversion may be effected by shareholders on July 1 in any of the years between 1987 and the year 2000 inclusive.

Commenting on the results and the proposed placing, Mr Norman Fetterman, the chairman said that the issue would eliminate existing bank borrowings and provide funds for acquisitions, enabling the board to pursue the planned development of Barham as a major service sector group.

The group's policy of expansion by acquisition would be continued principally within prime target areas of advertising, market research and financial services.

The pre-tax profit included an exceptional item of £209,000 arising from the sale and leaseback of a freehold property. Tax was £1.51m (£545,000) leaving a net profit of £3m (£874,000).

Stated earnings per 2½p ordinary rose 37 per cent from 8.43p to 11.59p.

The dividend is raised from 2p to 3p with a proposed final of 1.5p.

● comment

Barham has made eight acquisitions during the year and 14 since July 1983. These explain much of the group's impressive profits increase but it also grew organically by about 22 per cent. The preference share issue, together with retained profits, will give the group a £13m kitty for further acquisitions which will almost certainly be made this year. The group is strong in all three of its product areas, communications, publishing and property. The group benefits not only from the good management it has acquired but also from clients who use more than one of the range of services on offer. Property now accounts for about 11 per cent of turnover but the acquisition of Teacher, Marks and Company in December should increase this division's share of profits in the next 12 months. Pre-tax profits of at least £7m are forecast but acquisitions could increase this still further. At 169p, down 1p, this gives a p/e of about 13. Given the group's record for building on acquisitions made at good prices, this is perhaps unfairly pessimistic.

SE BUSINESS IN MARCH

BY TERRY BYLAND

Securities turnover surges 41.4% to reach £165bn

STOCK EXCHANGE turnover statistics for March confirm the surge of investment money into UK Government bonds, as sterling benefited from the dollar's weakness and investors discounted cuts in British bank base rates.

Market turnover for all types of securities jumped by 41.4 per cent on the February figure to total £165bn. The bulk of the increase in business came from the gilt-edged sector—turnover in equities showed only a minor gain.

Trading in Gilts in March was worth £126.8bn, a rise of 56 per cent on the previous month. At the long end, where yields were influenced by falls in New York Federal issues, turnover surged by 70 per cent to £47.7bn. The short-dates, more directly influenced by base rate prospects, lifted turnover by 21 per cent to £41.7m.

Over the month, the FT Government Securities index put on 2.32 to 90.28. Demand for UK Government bonds was led by the Japanese investment houses, which are believed to have sufferd from the effects of the falling dollar on their investments in the US.

Also encouraging UK Gilts has been the constant speculation that a UK general election will take place before the end of the year. While the public opinion polls have recently traced an erratic path, the City remains optimistic for a third term for the Thatcher Government.

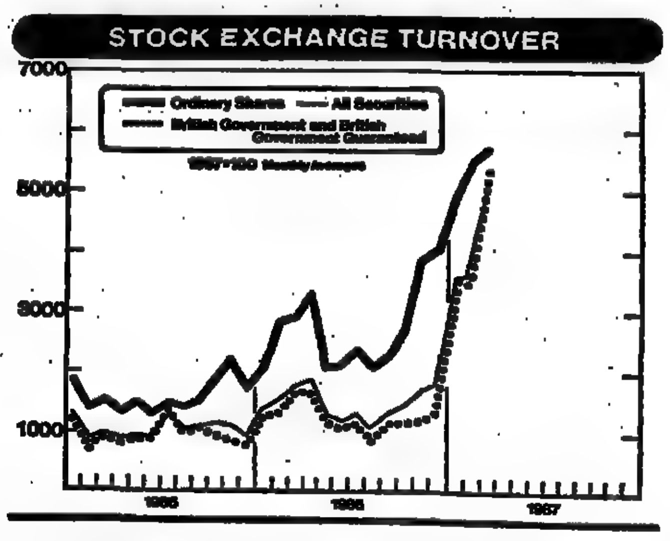
Equity turnover, by contrast, showed a gain of only 3.9 per cent at £32.3bn last month, although the market continued to move to new peaks in the earlier part of March. However, equity turnover had already moved to record levels in the preceding two months.

After reaching new all-time highs on March 24, the equity market gave ground towards the end of the month as both Tokyo and New York suffered periodic shakeouts.

Over the month, the FT Ordinary 30 share index fell by 22.7 points to 1,577.1, and the fall has been significantly extended in the opening weeks of April. The weakening in the pound has unsettled the major UK exporting stocks, which dominate the leading market indices, and hopes for lower UK rates have been checked by ½ point increases in New York bank primes.

Both gilt-edged and equity sectors have traded more cautiously in recent weeks as the threatened trade war with Japan has brought fears that any move to impose sanctions against Japanese banks in London could severely reduce foreign investment in the London securities markets.

STOCK EXCHANGE TURNOVER



Anglovaal Group

All companies mentioned are incorporated in the Republic of South Africa.

All financial figures for the quarter and progressive figures for the current year to date are unaudited.

Rate of exchange on 31 March 1987: R1,00 = £0,31, £1,00 = R3,19.

Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.

Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST.

Mining companies' reports – Quarter ended 31 March 1987

Hartebeestfontein Gold Mining Co Ltd

Reg. No. [illegible]
Issued capital: 112 000 000 shares of 10 cents each

	Quarter ended 31 Mar. 1987	Quarter ended 31 Dec. 1986	Nine months ended 31 Mar. 1987
Operating results			
Gold			
Ore milled ... t	792 000	798 000	2 383 000
Gold recovered ... kg	8 023,00	7 986,00	23 870,00
Yield ... g/t	10,1	10,0	10,0
Revenue ... R/t milled	275,86	317,15	297,72
Costs ... R/t milled	111,66	109,24	107,84
Profit ... R/t milled	164,20	207,91	189,88
Revenue ... R000	218 481	253 084	709 474
Costs ... R000	88 433	87 170	256 974
Profit ... R000	130 048	165 914	452 500
Uranium oxide			
Pulp treated ... t	792 000	798 000	2 383 000
Oxide produced ... kg	109 781	116 378	347 444
Yield ... kg/t	0,14	0,15	0,15
Financial results	R000	R000	R000
Working profit – gold mining ...	130 048	165 914	452 500
Profit from sales of uranium oxide, pyrite and sulphuric acid ...	12 [illegible]	637	13 903
Non-mining income ...	7 [illegible]	7 040	22 322
	149 780	173 591	488 725
Interest paid ...	629	635	1 924
Net royalty payments ...	5 846	4 120	13 420
Profit before taxation and State's share of profit ...	143 305	[illegible]	473 381
Taxation and State's share of profit ...	80 673	[illegible]	287 184
Profit after taxation and State's share of profit ...	62 632	69 716	186 197
Capital expenditure ...	23 480	21 250	51 225
Appropriation for loan repayments ...	125	597	751
Dividends ...	–	67 200	67 200
	23 605	89 047	119 176
Development			
Advanced ... m	8 547	8 428	25 654
Sampling results on Vaal Reef:			
Sampled ... m	598	712	2 148
Channel width ... cm	61	73	67
Channel value – gold ... g/t	15,2	17,2	18,5
... cm.g/t	929	1 252	1 243
– uranium oxide ... kg/t	0,34	0,33	0,37
... cm.kg/t	20,80	24,17	24,77

Financial
In terms of the Company's articles of association, the directors' borrowing powers are limited to R50 000 000. At 31 March borrowings totalled R8 946 000 (1986: R9 616 000) of which long-term borrowings amounted to R8 346 000 (1986: R7 196 000) and short-term to R600 000 (1986: R2 420 000).

Hedging transactions
Revenue derived from the sale of gold up to 31 December 1986 took into account the results of hedging transactions.
Profits arising from the closing out of forward exchange contracts were accounted for on a monthly basis to coincide with the maturity dates of the original contracts.

Dividend
Interim dividend No. 62 of 60 cents per share, declared in November 1986, was paid in January 1987.

Capital expenditure
Outstanding commitments at 31 March 1987 are estimated at R28 500 000 (31 December 1986: R23 578 000).

For and on behalf of the board
B.E. Hersov *Directors*
D.J. Crowe

Directors: B.E. Hersov D.M.S. (Chairman), B.L. Bernstein Hon. LL.D., D.J. Crowe*, W.B. Evans, E.P. Gush, G.S. Lea, W.W. Malan, Clive S. Menell, T.L. Pretorius
Alternate directors: J.H.J. Burke, P.J. Eustace, F.S. Clarke, M.D. Hanson, K.M. Hosking, J.E. van Niekerk, R.A.D. Wilson
*British

15 April 1987

Eastern Transvaal Consolidated Mines, Ltd

Reg. No. [illegible]
Issued capital: [illegible] shares of 50 cents each

	Quarter ended 31 Mar. 1987	Quarter ended 31 Dec. 1986	Nine months ended 31 Mar. 1987
Operating results			
Ore milled ... t	[illegible]	93 200	273 600
Gold recovered ... kg	[illegible]	877,42	2661,67
Yield ... g/t	10,0	9,4	9,7
Revenue ... R/t milled	274,24	280,43	281,18
Costs ... R/t milled	103,37	[illegible]	101,07
Profit ... R/t milled	170,87	180,45	180,11
Revenue ... R000	24 490	26 136	76 932
Costs ... R000	9 231	[illegible]	27 654
Profit ... R000	15 259	16 818	49 278
Financial results	R000	R000	R000
Working profit – gold mining ...	15 259	16 818	49 278
Non-mining income ...	887	682	2 336
	16 146	17 500	51 614
Prospecting expenditure ...	1 376	1 267	3 596
Profit before taxation ...	14 770	16 233	48 018
Taxation ...	5 480	1 279	14 505
Profit after taxation ...	9 290	14 954	33 513
Capital expenditure ...	5 698	12 482	22 921
Dividends ...	–	5 396	5 396
	5 698	17 878	28 317

Eastern Transvaal Consolidated Mines, Ltd (continued)

	Quarter ended 31 Mar. 1987	Quarter ended 31 Dec. 1986	Nine months ended 31 Mar. 1987
Development			
Advanced ... m	2 501	2 206	6 947
Sampling results:			
Sampled ... m	1 179	942	2 891
Channel width ... cm	181	162	169
Channel value ... g/t	10,2	4,6	6,5
... cm.g/t	1 849	746	1 077

Hedging transactions
Revenue derived from the sale of gold up to 31 December 1986 took into account the results of hedging transactions.
Profits arising from the closing out of forward exchange contracts were accounted for on a monthly basis to coincide with the maturity dates of the original contracts.

Dividend
Interim dividend No. 73 of 125 cents per share, declared in November 1986, was paid in January 1987.

Capital expenditure
Outstanding commitments at 31 March 1987 are estimated at R21 112 000 (31 December 1986: R6 880 000).

For and on behalf of the board
R.A.D. Wilson *Directors*
D.J. Crowe

Directors: R.A.D. Wilson (Chairman), D.J. Crowe*, M.D. Hanson, B.E. Hersov D.M.S., W.W. Malan, Clive S. Menell, J.E. van Niekerk
*British

15 April 1987

Prieska Copper Mines (Pty) Ltd

Reg. No. [illegible]
Issued capital: 54 000 000 shares of 50 cents each

	Quarter ended 31 Mar. 1987	Quarter ended 31 Dec. 1986	Nine months ended 31 Mar. 1987
Operating results			
Ore milled ... t	687 000	680 000	2 139 000
Concentrates produced			
Copper ... t	18 984	18 847	56 702
Zinc ... t	28 083	31 911	94 444
Concentrates despatched			
Copper ... t	20 087	[illegible]	56 929
Zinc ... t	27 713	[illegible]	107 346
Financial results	R000	[illegible]	R000
Operating profit ...	12 569	18 282	38 700
Non-mining income ...	818	1 088	2 400
Profit before taxation ...	13 387	19 370	41 100
Taxation ...	7 962	11 057	23 954
Profit after taxation ...	5 425	8 313	17 146
Capital expenditure/(recoupments) ...	(200)	(65)	(250)
Dividend ...	–	16 200	16 200
	(200)	16 135	15 950
Development			
Advanced ... m	894	987	2 947

Financial
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.

Dividend
Interim dividend No. 7 of 30 cents per share in respect of the year ending 30 June 1987, declared on 5 January 1987, was paid on 23 January 1987.

Capital expenditure
There were no outstanding commitments at 31 March 1987 (31 December 1986: nil).

For and on behalf of the board
D.J. Crowe *Directors*
R.A.D. Wilson

Directors: D.J. Crowe** (Chairman), R.P. Fiton*, B.E. Hersov D.M.S., R.L. L'Esperance*, Clive S. Menell, E.R.J. Neunuebel*, D.M. Pogson*, R.A.D. Wilson
Alternate directors: D.A. Blaine, A.J. Brink, M.D. Hanson, W.W. Malan
*American **British

15 April 1987

Loraine Gold Mines, Ltd

Reg. No. [illegible]
Issued capital: 16 366 996 shares of R1,00 each

	Quarter ended 31 Mar. 1987	Quarter ended 31 Dec. 1986	Six months ended 31 Mar. 1987
Operating results			
Ore milled ... t	380 000	377 000	757 000
Gold recovered ... kg	2 102,20	2 126,28	4 228,48
Yield ... g/t	5,5	5,6	5,6
Revenue ... R/t milled	153,08	184,72	168,84
Costs ... R/t milled	115,98	117,04	116,51
Profit ... R/t milled	37,10	67,68	52,33
Revenue ... R000	58 170	69 640	127 810
Costs ... R000	44 071	44 124	88 195
Profit ... R000	14 099	25 516	39 615
Financial results	R000	R000	R000
Working profit – gold mining ...	14 099	25 516	39 615
Profit from sales of uranium oxide; pyrite and treatment of stockpiled calcines ...	218	486	704
Non-mining income ...	2 225	2 627	4 852
	16 542	28 629	45 171
Interest paid ...	225	240	465
Tributing royalty payable ...	2	–	2
Profit before taxation and State's share of profit ...	16 315	28 389	44 704
Taxation and State's share of profit ...	6 307	13 070	19 377
Profit after taxation and State's share of profit ...	10 008	15 319	25 327

Loraine Gold Mines, Ltd (continued)

	Quarter ended 31 Mar. 1987	Quarter ended 31 Dec. 1986	Six months ended 31 Mar. 1987
Capital expenditure ...	3 666	3 200	6 866
Appropriation for loan repayments and adjustments for currency fluctuations ...	46	32	78
	3 712	3 232	6 944
Development			
Advanced ... m	[illegible]	9 389	18 078
Sampling results:			
Kimberley reefs			
Sampled ... m	[illegible]	[illegible]	[illegible]
Channel width ... cm	[illegible]	[illegible]	[illegible]
Channel value ... g/t	13,0	32,6	19,6
... cm.g/t	2 128	2 614	1 881
Basal reef			
Sampled ... m	416	582	998
Channel width ... cm	8	8	8
Channel value ... g/t	87,1	58,1	74,4
... cm.g/t	696	465	635
Eldorado reefs			
Sampled ... m	946	1 046	1 992
Channel width ... cm	105	101	103
Channel value ... g/t	11,5	9,5	10,4
... cm.g/t	1 203	954	1 065
Total – all reefs			
Sampled ... m	1 408	1 688	3 096
Channel width ... cm	75	68	71
Channel value ... g/t	14,5	12,8	13,5
... cm.g/t	1 078	866	958

Financial
In terms of the Company's articles of association, the directors' borrowing powers are limited to R35 000 000. At 31 March borrowings totalled R5 937 000 (1986: R6 932 000) of which long-term borrowings amounted to R5 760 000 (1986: R5 826 000) and short-term to R177 000 (1986: R1 106 000).

Hedging transactions
Revenue derived from the sale of gold up to 31 December 1986 took into account the results of hedging transactions.
Profits arising from the closing out of forward exchange contracts were accounted for on a monthly basis to coincide with the maturity dates of the original contracts.

Capital expenditure
Outstanding commitments at 31 March 1987 are estimated at R4 150 000 (31 December 1986: R2 622 000).
Capital expenditure during the six months ending 30 September 1987 is estimated at R10 000 000.

For and on behalf of the board
D.J. Crowe *Directors*
R.A.D Wilson

Directors: D.J. Crowe* (Chairman), W.B. Evans, B.E. Hersov D.M.S., L. Hewitt, K.M. Hosking, G.C. Krafft, W.W. Malan, Clive S. Menell, S.W. van der Colf, R.A.D. Wilson
Alternate directors: F.S. Clarke, P.J. Eustace, B.J. Funston, J.J. Geldenhuys, P. Taljaard, K.A. West*, J.E. van Niekerk
*British

15 April 1987

Consolidated Murchison Ltd

Reg. No. [illegible]
Issued capital: 4 160 000 shares of 10 cents each

	Quarter ended 31 Mar. 1987	Quarter ended 31 Dec. 1986	Nine months ended 31 Mar. 1987
Financial results	R000	R000	R000
Sales of antimony concentrates less realisation charges ...	5 611	6 680	18 489
Gold sales ...	5 411	5 767	17 257
Sundry mining income ...	23	39	88
	11 045	12 486	35 804
Working costs ...	8 644	8 787	25 960
Working profit ...	2 401	3 699	9 844
Non-mining income ...	177	366	2 602
	2 578	4 [illegible]	12 446
Prospecting expenditure ...	192	[illegible]	670
Profit before taxation ...	2 386	3 814	11 776
Taxation ...	3	(511)	948
Profit after taxation ...	2 383	4 325	10 828
Capital expenditure ...	2 316	2 098	[illegible]
Dividends ...	–	1 248	[illegible]
	2 316	3 346	6 417

Financial
The revenue from the sale of antimony concentrates brought to account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter.

Dividend
Interim dividend No. 78 of 30 cents per share, declared in December 1986, was paid in February 1987.

Capital expenditure
Outstanding commitments at 31 March 1987 are estimated at R2 191 000 (31 December 1986: R475 000).

For and on behalf of the board
P.F. Retief *Directors*
R.A.D. Wilson

Directors: P.F. Retief (Chairman), R.A.D. Wilson (Deputy Chairman), B.E. Davison (Managing Director), W.D. Clough, V.G. Bray, P.J. Cronshaw*, D.J. Crowe*, B.E. Hersov D.M.S., Clive S. Menell
Alternate: P.W.J. Coenen†
* British † Dutch

15 April 1987

57394

FOREIGN EXCHANGE AND DEALING ROOMS

THE BANKER
JUNE 1987

The Banker will be discussing four essential points within its Foreign Exchange report in the June issue:

- How profitable is Foreign Exchange Dealing — who are the market makers in the major currencies — who are the market makers in other currencies.
- Exposure Management techniques are at the heart of a Bank's own treasury operation — CDs, options, SWAPS, cross-border hybrids, long-dated forward transactions, etc.
- Global 24 hours trading in Foreign Exchange requires human and electronic stamina. An examination of the hard- and software systems and at what cost.
- Forecasting is for the professional.

For further details please contact:
The Marketing Director
The Banker
102-108 Clerkenwell Road
London EC1M 5SA
Tel: 01-251 9321 Telex: 23700 FINBI G

TAYLOR WOODROW

Construction, Property and Homes – Worldwide

Preliminary results

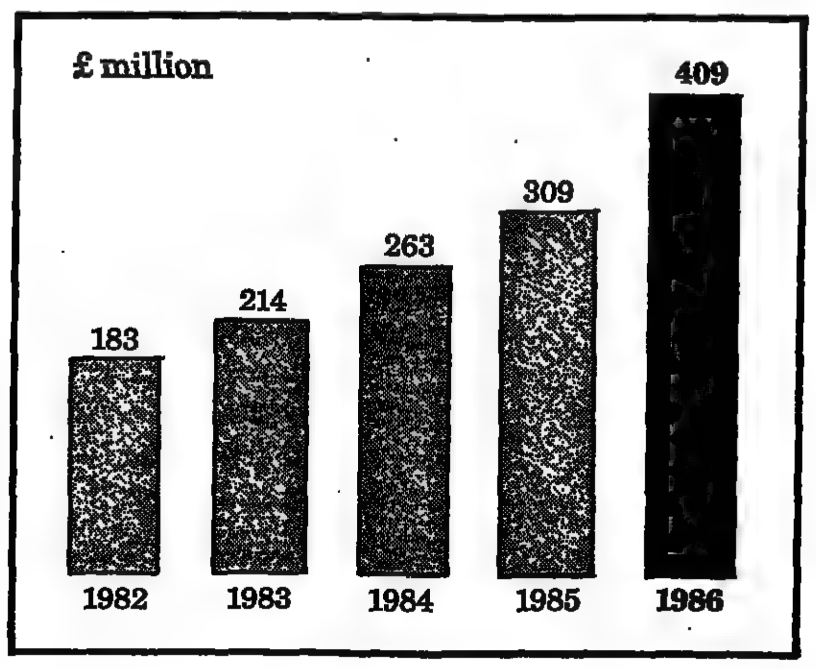
- 26th year of increased profit backed by long term housing and property investment
- 10.1% increase in dividends recommended
- £100m increase in value of property portfolio which is 32% growth over 1985
- Substantial increase in U.K. construction and housing profits
- Steady increase in profits and earnings per share
- 27% increase in property profits

Results at a glance

	1986	1985
Turnover	£793.2m	£812.2m
Pre-tax profit	£57.6m	£53.7m
Earnings per share	27.1p	24.5p*
Dividends paid and proposed	9.5p	8.625p

*excluding exceptional non-recurring tax credit

Property portfolio



Achieved through free enterprise and teamwork

TAYLOR WOODROW

NOTICE OF REDEMPTION

To the Holders of

UNITED KINGDOM

Fifteen Year 8⅞% Bonds Due 1993

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of May 1, 1978 and the Terms and Conditions of the Bonds, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected $33,400,000 principal amount of the 8⅞% Bonds due 1993, for redemption on May 1, 1987 for the mandatory and optional Sinking Funds at 100% of the principal amount thereof plus accrued interest to the redemption date as follows:

OUTSTANDING BEARER BONDS OF $5,000 CALLED IN FULL EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:

600	632	1496	1509	1530	2956	2982	3012	3027	3858	10027	15696	15721	15739
602	634	1497	1512	1532	2957	2998	3014	3029	4270	14302	15697	15724	15740
609	636	1498	1516	1533	2958	2999	3017	3031	4558	14580	15702	15727	15741
616	643	1502	1519	1662	2960	3000	3018	3032	5711	14825	15704	15730	15743
623	1490	1503	1520	1672	2966	3001	3021	3041	5712	14831	15705	15732	
625	1493	1504	1524	2936	2969	3005	3023	3043	5713	14832	15709	15733	
626	1494	1505	1527	2942	2971	3007	3024	3568	8310	14833	15713	15735	
627	1495	1507	1528	2951	2972	3009	3026	3572	8311	15695	15714	15738	

OUTSTANDING REGISTERED BONDS CALLED IN FULL OR PART AS STATED EACH BEARING THE FOLLOWING DISTINCTIVE NUMBERS:

Number	Principal Amount to be Redeemed	Number	Principal Amount to be Redeemed	Number	Principal Amount to be Redeemed	Number	Principal Amount to be Redeemed
4235	$ 25,000	12183	$71,000	12231	$ 7,000	12263	$ 9,000
4239	25,000	12194	2,000	12232	5,000	12359	18,000
4241	25,000	12195	2,000	12233	160,000	12360	11,000
4245	16,000	12196	3,000	12234	135,000	12361	3,000
4388	1,000	12198	9,000	12236	6,000	12363	3,000
4602	1,000	12199	7,000	12237	3,000	12365	1,000
4603	1,000	12200	6,000	12238	2,000	12367	2,000
4604	1,000	12201	4,000	12239	9,000	12369	2,000
5017	2,000	12202	7,000	12240	7,000	12370	3,000
10858	500,000	12203	5,000	12241	6,000	12371	3,000
10918	500,000	12204	6,000	12242	5,000	12372	2,000
10921	500,000	12205	3,000	12243	1,000	12374	4,000
10925	500,000	12207	1,000	12244	8,000	12375	4,000
11114	500,000	12208	1,000	12246	5,000	12395	3,000
11915	500,000	12209	4,000	12247	5,000	12396	2,000
11923	500,000	12213	1,000	12248	3,000	12401	2,000
11926	500,000	12214	3,000	12250	2,000	12421	1,050,000
11929	500,000	12215	2,000	12251	9,000	12432	1,000
11940	3,000	12217	1,000	12253	2,000	12438	128,000
11949	850,000	12218	3,000	12254	1,000	12439	5,000
11971	500,000	12220	36,000	12255	1,000	12440	5,000
11974	500,000	12225	1,000	12256	116,000	12441	3,000
12001	500,000	12226	1,000	12257	12,000	12442	4,000
12178	2,250,000	12228	1,000	12258	30,000	12443	3,000
12181	3,000	12229	28,000	12259	3,000	12445	21,507,000
12182	27,000	12230	25,000	12260	77,000		

Payment will be made on May 1, 1987 for the bearer Bonds selected for redemption upon presentation and surrender of said Bonds with coupons due November 1, 1987 and subsequent coupons attached at the main offices of the Fiscal Agent in London and Brussels and the Bank of England in London. No payment on any bearer Bond will be made at the Corporate Trust Office of the Fiscal Agent or any Paying Agent in the United States, nor, except as otherwise permitted by U.S. Treasury Regulations without adverse tax consequences, will any payment be made by transfer to an account maintained by the payee in, or by mail to an address in, the United States. Coupons due May 1, 1987 should be detached and collected in the usual manner.

Payment will be made on May 1, 1987 for the portion of the registered Bonds selected for redemption upon presentation and surrender of said Bonds at the Corporate Trust Office of the Fiscal Agent, 30 West Broadway, New York, New York 10015 or at the above mentioned offices. The holder of a registered Bond, a portion of which has been selected for redemption, shall upon surrender thereof receive, without charge, a new Bond or Bonds, in aggregate principal amount equal to the portion thereof not selected for redemption. Payment of registered interest due May 1, 1987 will be made to the registered holders by check in the usual manner.

On and after May 1, 1987 interest shall cease to accrue on the Bonds or portions thereof herein designated for redemption.

Payments at the office of any Paying Agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

It is suggested that each holder consult his own tax advisor concerning his particular tax situation.

THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY

Dated: April 1, 1987

The following Bonds each bearing the following distinctive numbers previously called for redemption have not as yet been presented for payment:

Number	Principal Amount to be Redeemed	Number	Principal Amount to be Redeemed
2620	$1,000	4568	$ 3,000
3379	3,000	5462	4,000
3488	3,000	7282	5,000
4170	3,000	10075	141,000
4217	1,000	11473	1,000

This advertisement complies with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. It does not constitute an offer of, or invitation to subscribe for or purchase, any Bonds.

Lucas

Lucas Industries Inc

(Incorporated in the State of Michigan, U.S.A. with limited liability)

US$83,000,000

5¼ per cent. Convertible Bonds Due 2002
Convertible into Ordinary shares of

Lucas Industries plc

(Incorporated in England with limited liability)

Unconditionally guaranteed as to payment of interest (including any supplementary interest payable upon redemption at Bondholders' option) by Lucas Industries plc

Issue Price 100 per cent.

The following have agreed to subscribe or procure subscribers for the above Bonds:–

J. Henry Schroder Wagg & Co. Limited

Banca Nazionale del Lavoro — Barclays de Zoete Wedd Limited
Cazenove & Co. — Citicorp Investment Bank Limited
Commerzbank Aktiengesellschaft — Crédit Lyonnais
Credit Suisse First Boston Limited — Deutsche Bank Capital Markets Limited
Dresdner Bank Aktiengesellschaft — Lloyds Merchant Bank Limited
Merrill Lynch International & Co. — Samuel Montagu & Co. Limited
Morgan Stanley International — The Nikko Securities Co., (Europe) Ltd.
Nomura International Limited — Shearson Lehman Brothers International, Inc.
Smith Barney, Harris Upham & Co. Incorporated — Société Générale
Swiss Bank Corporation International Limited

Application has been made to the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited for the Bonds to be admitted to the Official List.

Listing particulars relating to the Issuer, Lucas Industries plc and the Bonds are available in the Statistical Services of Extel Financial Limited and may be obtained during usual business hours up to and including 21st April, 1987 from the Company Announcements Office of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited and up to and including 29th April, 1987 from:–

Lucas Industries plc, Great King Street, Birmingham B19 2XF

J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

15th April, 1987

UK COMPANY NEWS

Savoy Hotel lifts profits 13% to a record £12m

The Savoy Hotel yesterday announced a 13 per cent rise in pre-tax profits to a record £12.09m for 1986, compared with a previous £10.71m. This was achieved in difficult circumstances, Mr Giles Shepherd, managing director, said, which gave convincing evidence of the vitality of the group in its present form.

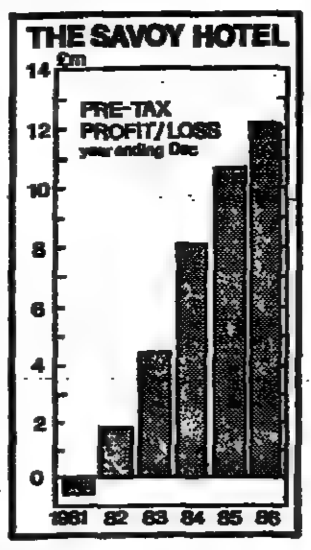
The directors are recommending an increased single final dividend of 4p (3.5p) on the A shares for the year and a dividend of 2p (1.75p) on the B shares. Earnings per 10p A share improved from 25.17p to 29.59p and per 5p B share from 12.59p to 14.79p.

The company which owns and manages hotels and restaurants, including Claridge's, The Connaught and Hotel Lancaster in Paris, is a subsidiary of Trusthouse Forte under the terms of the 1985 Companies Act, but Trusthouse Forte does not control the company.

Mr Shepherd said that experience showed there was an attractive and profitable niche in the London hotel market, and elhewhere for a small, but renowned, group of de luxe hotels. A central plank in the group's strategy was to maintain the independent management of that special group.

During the year, Savoy Hotel actively continued its extensive programme of improvements, with £4.2m being spent on repairs, maintenance and renewals, and a further £8.6m on major capital projects.

In addition, the Lygon Arms in the Cotswolds and the chauffeur-driven car hire firm of Patrick Barthropp were bought for a total of £5.32m. The money for the purchases and the finance for the capital improvements were all found from the company's cash reserves.



Turnover for the year rose by 8 per cent to £64.79m (£59.97m). Trading expenses took an increased £50.79m (£48.2m), and depreciation was £2.25m (£1.6m).

Investment income added a lower £520,000 (£673,000), and interest charges rose from £132,000 to £181,000.

After tax of £3.69m (£3.53m), and minorities taking a reduced £14,000 (£38,000), attributable profits came out ahead at £8.39m (£7.14m). Retained profits were £7.25m (£6.14m).

Rental spending holds back TR growth rate

A PROFIT increase of 10 per cent, from £15.66 to £17.24m pre-tax, was recorded by Telephone Rentals in 1986.

The dividend is raised from 7p to 7.75p net, with a final of 5p, despite higher tax leading to a reduction in earnings from 13.41p to 12.64p.

Sales for the year rose 30 per cent to £97.88m. However, concentration on building up a strong rental base in the UK meant substantial additional costs in creating the infrastructure to deal with the growing rental base and by way of depreciation and finance charges.

It was not anticipated that those costs would rise proportionately as the base was expanded further.

Sir Charles Ball, the chairman, explained that the past few years had seen a change in the business from emphasis on internal telephones to a wider range of liberalised communications products and new market areas with great potential. Building up the rental base had given the group over £220m of future income from existing contracts.

In the year group rental turnover rose to £45.56m (£39.22m) and, said Sir Charles, in 1987 it had exceeded £50m. Order intake for new rental and sale business in the opening three months also continued at high level in the UK and overseas.

"Having regard to the business in hand and the benefits from our growing rental base, we are confident that 1987 will see further improvement in profits before tax," he stated.

Sir Charles reminded shareholders that the effective rate of UK tax would still be high on account of the phased reduction in capital allowances, but not the same extent as in 1986. T he following year should see a return to a more radical normal charge.

A split of the turnover and pre-tax profit showed; UK £72.78m (£55.89m) and £14.32m (£13m) with this year including full benefit of the Cass Group France £10.5m (£8.8m) and £721,000 (£675,000); Ireland £3.72m (£3.07m) and £636,000 (£501,000); South Africa £4.13m (£3.79m) and £1.2m (£792,000); North America £7.21m (£4.95m) and £322,000 (£576,000).

The US subsidiary was again faced with intense competition and recorded a small loss; a profit was looked for this year although trading conditions were not expected to improve greatly. In Canada turnover doubled but continuing high investment kept the profit to a similar level.

Edmond up to £0.53m

Edmond Holdings, the Hull-based housebuilder, has continued its improving trend. For the second half it made a pre-tax profit of £381,000 giving a total of £537,000 for the whole of 1986. That compared with £95,000 previously.

Mr Kenneth Lindsay, the chairman, said the result reflected the forecast improvement i nthe northern area and the benefit of lower interest charges following a reduction in borrowings.

Earnings were 1.2p (0.24p) and the final dividend is 0.35p for a 0.5p net total, against the single 0.2p last time.

Since the end of the year, the company has acquired Northampton-based Sunguard Homes for £4.2m, consisting of £2.1m cash and the issue of 10.5m shares. The acquisition was expected to consolidate the progress made in the last 18 months and to provide additional opportunities for growth.

SEET builds up stake in TACE

BY NIKKI TAIT

THE CLOTHING fabrics and mohair group, Scottish English and European Textiles, announced yesterday that it had acquired a 2.35 per cent interest in TACE, the control equipment group.

The two companies share a chairman in Mr Jock Mackenzie—whose largest stockmarket vehicle, London and Northern Group, was finally acquired by Evered Holdings last week.

L & N's own interest in TACE—30.5 per cent a month ago—was currently being placed in two separate transactions, and Mr Mackenzie said he intended to make an offer for the entire second tranche, representing 11.25 per cent of the equity.

However, brokers Sheppards said yesterday that the SEET holding had not been acquired through the placing and was built up over a period of time.

The stake was acquired at an average price of 460p a share—yesterday TACE was unchanged at 500p—and SEET said that the purchases represented "a diversification into a high technology group with growth prospects."

Saatchi denies bid talks

SAATCHI DENIES BID talks

Saatchi and Saatchi, the world's largest advertising group, yesterday denied that it was in any discussions which might lead to the acquisition of Hill & Knowlton, the largest PR company in the States and part of the JWT Group.

However, Saatchi refused to elaborate on the statement and comment on whether it had been interested in the past or might consider discussions in the future. Press speculation had previously suggested tha Saatchi had expressed a interest to JWT.

F. L. Smidth will have to scale down

A successful response to F. L. Smidth's partial offer for Anglo-Nordic, the engineering and property concern, means that it will be subject to scaling-down arrangements.

Smidth, a Danish engineering and cement machinery group, already controlled 46 per cent of Anglo Nordic, and last February launched a partial offer of 31½p cash for up to 9.5m shares valuing the entire company at £10.3m.

In the event, acceptances were received in respect of 11.7m Anglo Nordic shares.

Following implementation of the scaling-down arrangements, Smidth will hold just over 75 per cent of Anglo's equity capital.

Fairbriar makes £4.5m acquisition

Fairbriar, a residential property developer, has acquired Ryan of Wimborne, also a residential property developer, through the issue of a maximum of 3m shares—the equivalent of £4.5m. It is Fairbriar's first acquisition since it obtained a full listing in October 1985.

Mr Remo Dipre, chairman, said that he expected Ryan to make a useful contribution this year, with real benefits thereafter.

Ryan is building about 150 units each year and has sufficient stock of land to cover its planned level of increasing turnover for the next two or three years.

COMPANY NEWS IN BRIEF

GENERAL ACCIDENT has acquired Jackson & Jackson, auctioneers and estate agents. Based in Lymington, Jackson & Jackson operates through four offices in Hampshire. Two further offices on the Isle of Wight are managed under a franchise arrangement. General Accident says this latest acquisition brings its total estate agency outlets to 254.

REED INTERNATIONAL has acquired from DRG the Lairds packaging business for £2.5m cash. DRG Lairds, of East Kilbride, serves the Scotch whisky industry. It has a turnover of £10m and employs 290 people.

JOHNSTON GROUP has purchased Saxon Sanbec for £1.38m. Saxon manufactures fire fighting and rescue vehicles for country fire authorities, and employs 100 people at its factory at Sandbach, Cheshire. The consideration comprised cash, variable rate unsecured loan stock and the issue of 50,000 new ordinary shares in Johnston.

NOTICE OF REDEMPTION

To the Holders of

ATLANTIC RICHFIELD OVERSEAS FINANCE N.V.

13¼% Notes due May 15, 1990

Unconditionally Guaranteed as to Payment of Principal, Premium, if any, and Interest by Atlantic Richfield Company

NOTICE IS HEREBY GIVEN to the holders of the outstanding 13¼% Notes due May 15, 1990 (the "Notes") of Atlantic Richfield Overseas Finance N.V. (the "Company") that, pursuant to the provisions of Section 6 of the Fiscal and Paying Agency Agreement dated as of May 15, 1982 among the Company, Atlantic Richfield Company (the "Guarantor"), and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 7 of the Terms and Conditions of Notes, the Company has elected to redeem on May 15, 1987 all of the outstanding Notes at a redemption price of 101.5% of the principal amount thereof plus accrued interest to the redemption date.

Payments will be made on and after May 15, 1987 upon presentation and surrender of Notes with coupons due May 15, 1988 and subsequent attached in U.S. dollars subject to applicable laws and regulations, either (a) at the corporate trust office of the Fiscal Agent in New York City, or (b) at the main offices of the Fiscal Agent in London, Brussels, Paris and Frankfurt am Main, the offices of Morgan Bank Nederland N.V. in Amsterdam, Swiss Bank Corporation in Basle, Switzerland and Banque Internationale à Luxembourg in Luxembourg. Payments at any agency outside the United States will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee, with a bank in the City of New York.

Coupons due May 15, 1987 should be detached and collected in the usual manner.

From and after May 15, 1987 the Notes will no longer be outstanding and interest thereon shall cease to accrue.

Any payment made within the United States or transferred to an account maintained by a non-U.S. payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8 certifying under penalties of perjury that the payee is not a United States person. Payments made within the United States to non-exempt U.S. payees are reportable to the IRS and those U.S. payees are required to provide to the paying agent an executed IRS Form W-9 certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate) to avoid 20% withholding of the payment. Failure to provide a correct taxpayer identification number may also subject a U.S. payee to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

ATLANTIC RICHFIELD OVERSEAS FINANCE N.V.
By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Fiscal and Paying Agent

Dated: April 15, 1987

The Financial Times proposes to publish a Survey on

MACHINE TOOLS

on Thursday July 2 1987

The following topics will be covered:—

1. Joint Ventures
2. Automation
3. Japan
4. West Germany
5. Italy
6. The US
7. Korea and Taiwan
8. The UK

For an editorial synopsis and advertising information please contact:
STEPHEN DUNBAR-JOHNSON
on 248 8000 extension 4166
or your usual Financial Times representative
The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the editor.

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
161	118	Ass. Brit. Ind. Ordinary	157	—	7.3	4.6	9.8
163	121	Ass. Brit. Ind. CULS	165	—	10.0	6.1	—
40	28	Armitage and Rhodes	36	—	4.2	11.7	5.0
80	64	BBB Design Group (USM)	76	—	1.4	1.9	17.9
222	186	Bardon Hill Group	222	—	4.6	2.1	25.2
138	85	Bray Technologies	136xd	+4	4.7	3.5	10.9
138	76	CCL Group Ordinary	134	—	2.9	2.2	9.6
107	88	CCL Group 11pc Conv. Pf.	101	—	15.7	15.5	—
271	116	Carborundum Ordinary	271	+1	10.7	3.9	11.8
94	90	Carborundum 7.5pc Pf.	94	—	10.7	11.4	—
125	76	George Blair	94	—	3.7	3.9	7.6
176	119	Isis Group	122	—	18.3	—	—
125	101	Jackson Group	125	—	6.1	4.9	8.5
377	280	James Burrough	367	—	17.0	4.6	10.2
100	89	James Burrough 9pc Pf.	93	—	12.9	13.9	—
1035	342	Multihouse NV (AmstSE)	660	—	—	—	34.6
381	280	Record Ridgway Ordinary	381	+8	1.4	—	7.7
100	83	Record Ridgway 10pc Pf.	86	—	14.1	16.4	—
91	67	Robert Jenkins	84	−1	—	—	3.7
94	30	Scruttons	94	+2	—	—	—
154	67	Torday and Carlisle	154	—	5.7	3.7	9.3
340	321	Travian Holdings	325	—	7.9	2.4	6.8
91	42	Unilock Holdings (SE)	86	—	2.8	3.3	15.8
139	65	Walter Alexander	136	+1	5.0	3.6	13.0
200	190	W. S. Yeates	193	—	17.4	9.0	10.3
116	67	West Yorks. Ind. Hosp. (USM)	116	+1	5.6	4.8	18.6

Granville & Company Limited, 8 Lovat Lane, London EC3R 8BP, Telephone 01-621 1212, Member of FIMBRA

Granville Davies Coleman Limited, 27 Lovat Lane, London EC3R 8DT, Telephone 01-621 1212, Member of the Stock Exchange

Halifax Building Society

purchase of the whole of the share capital of

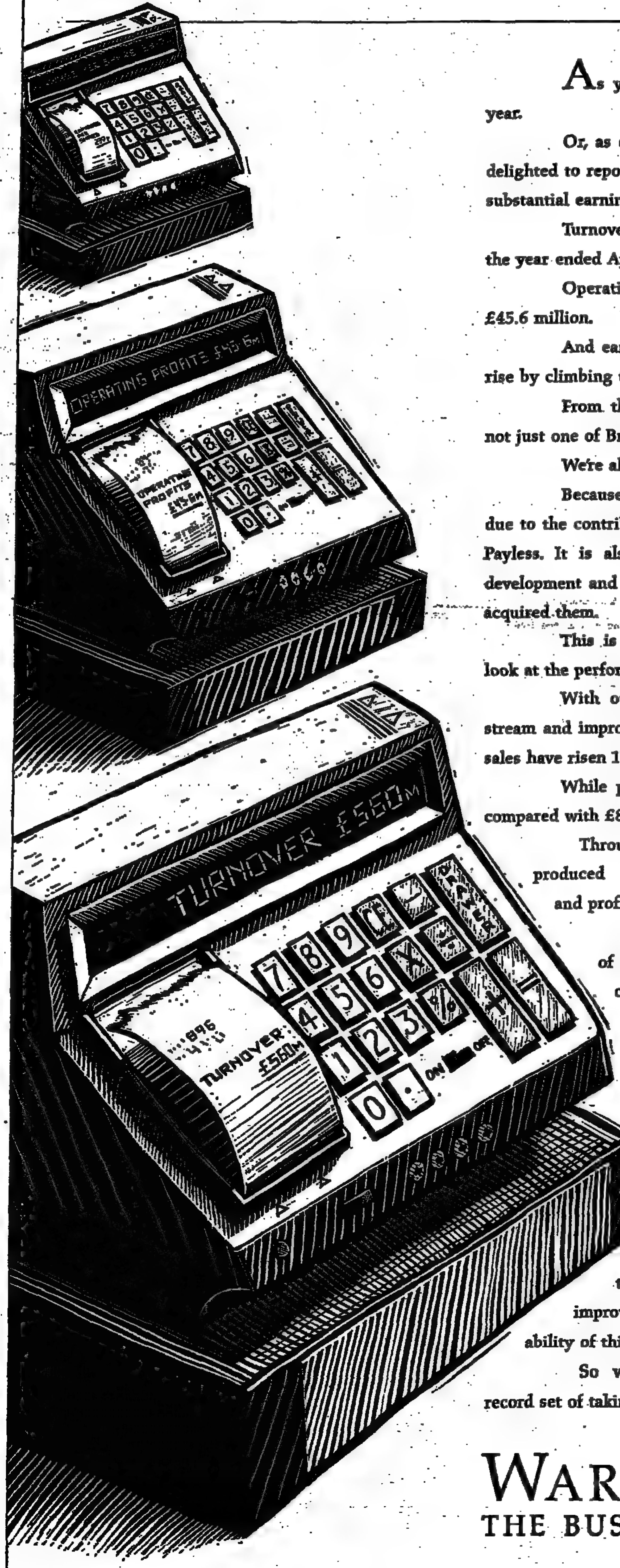
Jackson Property Services
Estate Agents

Advisers to the Vendors

Spicer and Pegler Associates
Corporate Finance Group

GOULDENS
SOLICITORS

OUR TAKINGS FOR THE LAST YEAR.



As you can see, we've just rung up a record year.

Or, as our Chairman, Philip Birch, puts it, "I am delighted to report a year of spectacular developments and substantial earnings growth for the Group."

Turnover was up 64% to almost £560 million in the year ended April 1987.

Operating profits shot up 77% to no less than £45.6 million.

And earnings per share continued their dramatic rise by climbing to 23.7p.

From these results, it's quite obvious that we're not just one of Britain's fastest growing businesses.

We're also one of its most successful retailers.

Because this record rate of growth is not only due to the contribution of recent new acquisitions such as Payless. It is also due in large part to the successful development and management of companies once we have acquired them.

This is particularly evident for example if you look at the performance of Halfords.

With our new edge-of-town stores coming on stream and improved performance from the existing chain, sales have risen 17% to £144 million.

While profits have accelerated to £12.2 million compared with £8.5 million in the previous year.

Throughout the group, in fact, each sector produced impressive results both in turnover and profits.

The rapid expansion and development of Payless is already showing how quickly our management can produce better results from companies we acquire.

We've added 9 new stores, 228,000 square feet and produced record profits of £13.7 million in only 10 months.

In the current year, of course, our newest auto parts retailer, Whitlock, will make a major contribution to profits.

And we have already started to implement important changes and improvements designed to raise the profitability of this major U.S. chain.

So we're confident of ringing up another record set of takings this year.

WARD WHITE

THE BUSINESS OF GROWTH

This advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or purchase, any securities.

£110,000,000

Consolidated Gold Fields PLC

(Incorporated with limited liability in England)

6¾% Convertible Subordinated Bonds Due 2002

The following have agreed to subscribe or procure subscribers for the Bonds:

Credit Suisse First Boston Limited

J. Henry Schroder Wagg & Co. Limited — **Union Bank of Switzerland (Securities) Limited**

S. G. Warburg Securities — **Banque Paribas Capital Markets Limited**

Cazenove & Co. — **Dresdner Bank Aktiengesellschaft**

Morgan Guaranty Ltd — **Swiss Bank Corporation International Limited**

Yamaichi International (Europe) Limited

The issue price of the Bonds is 100 per cent. of their principal amount. Application has been made to the Council of The Stock Exchange for the Bonds to be admitted to the Official List.

Interest will be payable annually in arrear on 30th September of each year, except that the first payment of interest will be made on 30th September, 1987 in respect of the period from 7th May, 1987 to such date.

Copies of Listing Particulars relating to the Bonds and the Issuer may be obtained during usual business hours up to and including 17th April, 1987 from the Company Announcements Office of The Stock Exchange and up to and including 29th April, 1987 from:

Credit Suisse First Boston Limited, 22 Bishopsgate, London EC2N 4BQ

Cazenove & Co., 12 Tokenhouse Yard, London EC2 7AN

Consolidated Gold Fields PLC, 31 Charles II Street, St. James's Square, London SW1Y 4AG

Bankers Trust Company, Dashwood House, 69 Old Broad Street, London EC2P 2EE

15th April, 1987

These Debentures having been sold, this announcement appears as a matter of record only.

New Issue

Xerox Canada Finance Inc.

(Incorporated with limited liability in Canada)

Can. $75,000,000

9⅜ per cent. Debentures due 1997

(Unconditionally guaranteed by Xerox Canada Holdings Inc.)

Issue Price: 101½ per cent.

McLeod Young Weir International Limited

Citicorp Investment Bank Limited

Banque Bruxelles Lambert S.A. — Banque Internationale à Luxembourg S.A.

Banque Nationale de Paris — The Bank of Nova Scotia International Limited

Deutsche Bank Capital Markets Limited — Dresdner Bank Aktiengesellschaft

The Nikko Securities Co., (Europe) Ltd. — Salomon Brothers International Limited

Société Générale

April, 1987

WestLB

International S.A.

Condensed Balance Sheet as per December 31, 1986

ASSETS	In millions of DM	previous year
Amounts due from banks	4,480.5	4,792.0
Loans and advances to customers	4,105.8	4,858.8
Securities	834.8	806.5
Other assets	297.2	358.7
	9,718.3	10,816.0

LIABILITIES	In millions of DM	previous year
Amounts due to banks	7,482.3	8,899.2
Current deposits and other accounts	1.053.9	732.1
Other liabilities	239.0	295.3
Share capital	125.5	125.5
Reserves	224.7	224.0
Provisions	580.3	491.4
Profit	12.6	48.5
	9,718.3	10,816.0

WestLB International S.A.
32-34, boulevard
Grande-Duchesse Charlotte
P.O. Box 420
L-2014 Luxembourg
Telephone: 447411

Subsidiary of Westdeutsche Landesbank Girozentrale. Düsseldorf/Münster

The unabridged annual statement as well as the profit and loss accounts will be published in the "MEMORIAL, Amtsblatt des Grossherzogtums Luxemburg, Ausgabe C" (Official Gazet of the Grand Duchy of Luxembourg, edition C).

UK COMPANY NEWS

Guthrie marks its return with £17.6m

The Guthrie Corporation, a diversified industrial holding company, lifted its pre-tax profits from £14.1m to £17.64m in 1986 on turnover which fell back from £332.08m to £321.02m.

Last June, Guthrie returned to the stock market with a listing valuing it as £123m. This followed a five-year absence during which time its Malaysian plantations, which had been the mainstay of the company, were sold.

Some 63 per cent of the company's shares are held by Permodalan Nasional Berhad, the Malaysian government investment agency.

Shareholders benefit through a proposed final payment of 3.2p as forecast at the halfway stage when Guthrie declined to make an interim payment.

Operating profits by division were: automotive components, £5.38m (£1.59m); aviation services, £6.23m (£2.99m); electrical equipment, £1.39m (£4.86m); fire protection equipment, £2.72m (£4.88m); textiles and floor coverings, £3.58m (£3.08m); and trading £470,000 (£876,000), making £17.72m (£18.24m).

Interest payable amounted to £2.08m (£4.14m) and after tax charges totalling £2.88m (£2.25m), earnings per share worked through at 19.1p (16.5p).

• comment

The born-again Guthrie group failed to capture the market's imagination on its flotatioo last summer, but over the past couple of months there has been something of arerating, which was underlined by yesterday's figures. 1987 should see a further good profits advance, with the electrical and fire fighting divisions bouncing back from last year's problems and aviation seeing growth in its service and engineering side at least partially compensate for the non-recurrence of 1986's jumbo jet sales fees. Automobile components may be held back by the upheaval of GM's introduction of the new "W" car—for which Guthrie is a supplier—but this division holds out the prospect of strong growth on a two year view. At least £21m pre-tax should be possible, and a 22 per cent tax charge and last night's close of 209p puts the shares on a prospective p/e of about 10.5. That is still cheap, though the 63 per cent Malaysian stake (which can be reduced come the summer) may be a damper, together with Guthrie's vulnerability to movements in the dollar. A proven track record in acquisitions would do much for the management's image and an ungeared sheet gives it plenty of scope.

Cradley Print moves up 10%

Cradley Print, lithographic printer, lifted pre-tax profits by 10 per cent from £482,000 to £533,000 on turnover up from £4.62m to £5.18m.

The chairman said that the companys policy of investment in new equipment was continuing and it had had some success in its aim to increase direct exports.

Tax charges took £186,000 (£187,000) and adjusted earnings per share rose from 0.91p to 1.06p.

Carborundum ahead

Carborundum Abrasives, manufacturer of abrasive products, shares in which are dealt with on the over-the-counter market made by Granville, increased pre-tax profits from £1.91m to £2.33m in 1986. Turnover rose from £45.97m to £51.93m.

Shareholders will benefit from a proposed final dividend of 5.2p (5p), making a total for the year of 7.8p (6.4p).

Mr Trevor Egan, chairman, said that the company would continue to invest in its successful profitable core business and to expand its range of products by acquisition.

Tax took £886,000 (£624,000) and earnings per share rose to 23p (20.7p).

Mercury Asset

Mr P. S. Wilmot-Stilwell, who sold 28,596 ordinary shares in Mercury Asset Management at 318p and 28,596 at 332p, and Mr R. D. C. Brooke, who sold 51,460 at 332p each, are directors of Mercury International Group not Mercury Asset Management as stated in yesterday's paper.

BOARD MEETINGS

TODAY

Interims: Anchor Chemical, Astra Holdings, Humberside Electronic Controls, McKechnie, New Central Witwatersrand Areas, Smith Industries, Swindon Private Hospital, Wade Pattries.

Finals: Avis Europe, Bardsey, British Mohair, Carlton Industries, Horace Cory, Albert Fisher, Hawker Siddeley, Helene of London, Laporte Industries, Walter Lawrence, Parambe, Pearl, William Sindall, United Ceramic Distributors.

FUTURE DATES

Interims—	
Fleming Japanese Inv. Trust	Apr 16
Huntingdon International	Apr 29
Lyles (S.)	Apr 27
Philips	Apr 29
Vaux	Apr 23
Finals—	
Beattie (James)	Apr 24
Cater Allen	May 28
City of Oxford Inv. Trust	May 6
Clarkson (Horace)	Apr 30
Dawson International	June 16
Dencora	Apr 27

RMC meets expectations in 36% rise to £108.5m

RMC Group's pre-tax profits for 1986 showed a gain of 36 per cent from £79.7m to £108.5m, which was well up to market expectations.

The September interim statement, with profits up from £25.4m to £33.1m, indicated that the results for the full year would be good, boosted by stronger performances in UK and West Germany and ably supported by improved results from Austria, France, Spain and the US.

A break down of operating profits revealed that UK was up from £56m to £61.7m, West Germany advanced from £12.1m to £19.8m and other countries from £22.6m to £33.8m. Ready mixed concrete and aggregate contributed £73.8m (£57.2m) of the £115.3m (£90.7m) total, cement lime and concrete products £26.9m (£20.8m) while merchanting, DIY, waste disposal, security, leisure and others accounted for £14.6m (£12.7m).

Reviewing the past year Mr John Camden, the chairman, confirmed the solid performance in the UK and improvements overseas and said that these factors together with a substantial reduction in net interest charges had resulted in the rise in profits.

Dealing with performance by sector the Mr Camden said the ready mixed concrete and aggregate operations remained the cornerstone of RMC's business. Further progress was made in the UK, Europe and the US during 1986. In Ireland the quoted Readymix subsidiary showed a welcomed recovery in profitability with improved margins.

Cement, lime and concrete products had assumed an increasing importance in the overall profitability of the group.

Hall & Co, the builders' merchants, had enjoyed a record year as had the DIY chain of superstores. Hales Containers, the waste disposal company, improved its position in the industrial sector and maintained its market share in building and civil engineering. Sound progress was made in the security alarms division and Thorpe Park (leisure) maintained its profitability despite a fall in attendances due to dismal weather over bank holidays.

Turnover last year rose from £1.36bn to £1.63bn. Interest charges fell from £11m to £6.9m; tax amounted to £40.9m (£32.3m); outside shareholders' interests to £9.5m (£4.4m) and there were extraordinary credits of £500,000 (debits £1.2m) to leave attributable profits of £58.6m (£41.8m), which included £2.5m resulting from the strengthening against sterling of the respective currencies in most areas in which the group operated.

Earnings per share rose sharply from 45.3p to 61p and shareholders get a 3.5p lift in the dividend with a final of 12.5p to make 17.5p (14p). In addition, a one-for-one scrip issue is proposed.

• comment

The advantage of RMC's broad geographic spread was well illustrated by these figures. The UK market for concrete and aggregates market was sluggish but West Germany and France came right with a vengeance, the benefits of rationalisation further enhanced by a weaker pound. The current year may see a reversal of the pattern. Continental growth can hardly be sustained at last year's levels but UK prospects are looking bright. Demand for construction materials is 3 to 4 per cent after a year of stagnation, and although RMC is understandably coy about the ramification of the cement price cartel break-up, it is hard to believe that the company will gain nothing on its margins as a result. Most forecasts for the current year's profit are in the £125m to £130m range, producing a prospective p/e multiple of around 11 at 780p — still yielding a point or two to the likes of Tarmac and Redland.

Norfolk Capital rises to £1.4m

BY GRAHAM DELLER

Norfolk Capital, the hotel, restaurant and public house operator, exceeded City expectations in revealing a 39 per cent expansion on an annualised basis in taxable profits, for thet 12 months to end-December 1986.

Turnover was £13.44m compared with £15.06m for the 15 months to December 1985—an effective annualised increase of 11 per cent. Interest accounted for £328,000 against £320,000 for the comparable period and resulted in a pre-tax figure of £1.41m (£1.27m).

After tax of £272,000 (£139,000), earnings per 5p share came out at 0.8p (0.99p).

As forecast at the time of Norfolk's purchase of Celebrated Country Hotels in January, the final dividend is increased 25 per cent to 0.25p making a total of 0.375p for the year.

Mr Peter Eyles, managing director, attributed the upturn in group turnover to improved room rates. The hotel industry's well-publicised problems last year which emanated from a severe shortfall of tourists, particularly from the US, owning to fears of terrorism and the Chernobyl disaster, had less effect on Norfolk than on its competitors, he added.

This he put down to Norfolk's stated policy of concentrating on conferences and businessmen, a course that the group intended to actively pursue in the future.

Norfolk's acquisition of two Edinburgh hotels from Guinness in a near-£24m deal last September—the five-star Caledonian and the four-star North British—had little appreciable effect on the results, but possessed "great trading potential."

The four-star Caversham hotel at Reading—an area in need of quality hotels according to Mr Eyles—was well advanced and should be ready for occupation early next year.

St Ives back on acquisition trail

BY NIKKI TAIT

St Ives, the book and magazine printing group, yesterday returned to the acquisition trail after a year of consolidation, with the £8.4m purchase of the private family-owned magazine printers, The Riverside Press.

The deal with be financed by the issue of 1.68m new shares—just under 7 per cent of the existing equity — with the bulk of these being retained by vendors.

The acquisition brings eight more web offset presses into the group, taking the total number to around 30, and raises capacity on the magazine side by some 40 per cent.

Yesterday, Mr Bob Gavron, chairman of St Ives, stressed that Riverside's location — it is based in Kent — would enable St Ives to service the London magazine market better in terms of rapid turnround. "At present," he commented, "our nearest magazine plant is in Peterborough."

Riverside currently prints some 80 titles, including The Lady, Estates Gazette and Marketing Week, compared with St Ives' exsting 350—of which 80 have been added since the start of the financial year last August.

In the year to end-January 1987, Riverside made pre-tax profits of £1.38m on sales of £12.5m, and net assets are put at around £6m.

In spite of the investment—all the web offset presses are modern, with two of them newly installed and currently commissioned—Riverside comes with relatively modest debt at £1.5m.

Mr Gavron indicated that this acquisition could herald renewed bid activity by St Ives. It is now over a year since it added Chase Web Offset for £22m, and slightly longer since it bought book printer, Richard Clay, for £18.8m.

News of the Riverside acquisition was greeted by a 45p increase in the shares to 595p yesterday.

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Ward White profits ahead of expectations at £41m

Ward White, the acquisitive retail group, yesterday topped analysts' expectations with a 59 per cent rise in pre-tax profits to £41.3m in the year to end-January; sales were 64 per cent higher at £559.6m.

According to chairman Mr Philip Birch, the current year has started well and the company is poised to make the major disposals which will reduce gearing from over 80 per cent to under 30 per cent.

The pre-tax figure takes in a first-time contribution from Payles—the DIY chain which Ward White bought from Marley in April 1986—and includes one month's earnings from LCP, the car parts retailer and property group, which Ward White acquired last December.

Payless made operating profits of £13.7m during the 10 months, while LCP added just over £1m.

However, the surplus on the sale of retail properties drops sharply, from £3.8m to £700,000 and exchange rates dented the overseas contribution by around £300,000.

Both the Payless and LCP — acquisitions were financed partially by the issue of convertible preference shares. So on a fully diluted basis, Ward White's earnings per share increases by 28 per cent to 23.72p when property profits are excluded, but by just 3 per cent to 24.34p if these are added in.

The diluted eps calculations are based on a weighted average of the shares in issue during the year—116m—against the current 164m.

Of the existing businesses, the Halfords showed a 44 per cent increase in trading profits to £12.2m; during the year, nine new superstores were added, taking total outlets (including the smaller high street branches) to 71. A further 12 stores are planned in the current 12 months.

Other UK retail interests, which include Owen Owen department stores, the Zodiac toy stores, and Focus shoe shops, produced £8.5m against £6.6m at the operating level, while footwear and non-retailing interest made £6.1m (£4.3m). The overseas contribution was £5.1m against last time's £6.4m.

Borrowings at the year-end were £132m, putting Ward White's gearing at 83 per cent. However, the company says that the combined sale of Focus and the LCP's UK interests — leaving Ward White with LCP's US car parts retailing subsidiary, Whitlock — will raise £85m, and reduce this figure to 29 per cent.

The LCP sale is likely to start very shortly; £11m cash has already been received from the sale of Focus outlets to Allebone for £11m.

Last year's capital expenditure figure was £27m and a further £36m is planned for the current year — concentrated on Whitlock where initial reorganisation has already been carried out.

The tax charge is £12.8m (£8.6m) and there is a £1.4m extraordinary surplus below the line (£3.5m deficit) from the sale fo investments. The total dividend for the year goes up from 6.5 to 7.5p.

● comment

That the market looked with relative indulgence on Ward White's figures is no doubt to be accounted for partly by the presentational effort; the property surplus was this time accorded a line to itself, and earnings per share stated with and without both property and dilution for the convertible issue. So far as it is meaningful to talk of a core to so rapidly mutating a group, Ward White appear to have done a bit better with its core businesses than it was generally expected to, sharing particularly in the big recent DIY surge, and the strip-down value of LCP — one good US business plus cash from the UK — seems well up to specification. If the effective multiple paid for Whitlock turns out to be as low as the ex-post single-figure price of Payless, Mr Birch's reputation as a buyer of retailing businesses will probably crystallise in a higher rating for his paper; at which point — if not before — Ward White will start issuing more of its convertible. Meanwhile, the shares had the market in something of a tangle; yesterday afternoon there was a 5p round-trip on offer for the best part of half an hour.

Redland terminates talks with Monier

By Graham Deller

Redland, the Reigate, Surrey, based building materials group, announced yesterday that discussions relating to the possible acquisition of Monier, its 49.9 per cent owned Australian associate, had been terminated.

Redland has held a stake in Monier, a building materials group based in New South Wales, since the 1960s.

Earlier this month, Redland said its approach was prompted by a brighter outlook for Australian business and a more positive attitude to foreign investment by the Australian Government.

Mr Christoper May, Redland financial director, said that leaking of the proposed deal had caused a divergence in the relative values of the two groups and had, therefore, made it much less advantageous.

BPB in £69m acquisition

By Ralph Atkins

BPB Industries has paid SFr 168.4m (£69.4m) to buy plasterboard and gypsum interests in West Germany, the Netherlands, Italy and Austria.

The purchase has been made from the Swiss-based Intergips Holdings AG. The interests operate principally under the name Rigips.

Together they made a pre-tax profit of £5.4m on a turnover of £102.6m in 1986. Net assets were valued at £10.4m.

The deal is being financed through the placing of 1.8m new shares, or 6.2 per cent of the enlarged share capital, at £6 each. Shares in BPB closed down 6p at 620p.

The acquisition will allow BPB, based in Slough, to enter the German and Austrian plasterboard markets for the first time. The Rigips companies in these countries are the second largest participants.

The purchase is in line with the group's strategy of expanding its plasterboard business through expansion into markets where it is under-represented and where there are opportunities to increase the total demand for plastrboard.

Wardle lifts Chamberlain offer

Wardle Storeys, the budding industrial conglomerate, yesterday launched an increased and final bid for Chamberlain Phipps, writes Philip Coggan. However, the Northamptonshire-based shoe components and adhesives group immediately rejected the £62m offer as being "manifestly inadequate."

Wardle increased its all-share offer from three-for-ten to seven-for-twenty, valuing each Chamberlain share at 167p, based on last night's closing Wardle price of 483p. It added a cash alternative of 157.5p per share and a partial convertible offer of 162.5p. Also on offer is a special 3.55p interim dividend, which matches the proposed final dividend from Chamberlain.

The offer was widely seen by analysts as being pitched at about the right level for victory and with no prospect of a white knight on the horizon, Chamberlain shares dropped 3p yesterday to 156p, slightly below the cash offer.

Based on Chamberlain's forecast earnings per share for the financial year just ended of 8.9p, the cash alternative puts Chamberlain on an exit p/e of just under 18.

Wardle's partial convertible offer is designed to attract those investors who treated Chamberlain as a yield stock. The new stock will carry an interest rate of 7 per cent and will be convertible into ordinary shares between 1988 and 2000. A maximum of between £10m and £20m of stock will be available under this offer.

Chamberlain swiftly rejected the offer with Mr David Chamberlain, the chairman, saying that "Wardle Storeys has again failed to show any commercial logic for this bid." Last week, the group made a forecast for the current financial year which ends next March, which showed a sharp increase in pre-tax profits to £7.25m.

At the first closing date for its original offer, Wardle received acceptances of only 0.47 per cent. The new offer will close on May 1.

Philip Coggan on the background to the revised £62m bid

The shoe dynasty under threat

ON APRIL 1 Mr David Chamberlain was due to take over as chairman of shoe components and adhesives group Chamberlain Phipps from his cousin Frank. But the succession of one Chamberlain where father, grandfather and uncle had gone before was rudely interrupted by February's hostile bid from Wardle Storeys which the plastics sheeting and survival equipment group increased to £62m yesterday.

The offer not only caused Mr Chamberlain to be appointed earlier than expected—it provoked frenzied activity at the Northamptonshire-based group as it sought to recruit support for its defence against its unwanted predator.

Local MP Mr Peter Fry called unsuccessfully for a reference to the Monopolies and Mergers Commission and an early-day motion is still extant urging the Secretary of State to reconsider his decision. In the meantime, Chamberlain has attempted to stir memories of the Pilkington defence against BTR by calling on unions and customers for backing.

Whether the parallels with Pilkington are justified is open to question. But there is still a striking contrast between the family-run Chamberlain and the budding industrial conglomerate Wardle.

Chamberlain has concentrated on shoe components for most of its history, and a sound record enabled it to report its

But the British shoe industry was dealt a body blow by imported competition in the middle and late 70s and the UK producers' share ofthe home market fell from 72 per cent in 1970 to 45 per cent in 1982. With the added problem of a declining motor industry — Chamberlain had become in-
12th consecutive year of record profits by 1974.
volved in automotive components when it merged with Phipps in 1969 — pre-tax profits fell from £4.15m in 1980 to £1.86m in 1981.

So in the early 80s, shortly after Mr David Chamberlain had returned to the group after 17 years working in industry, Chamberlain began what Wardle now calls its "ill-judged and poorly directed diversification programmes."

Adhesives, speciality chemicals and overseas components were the chosen route but some of the companies proved slower than expected to produce profits and the US shoe-components business was hit by a flood of imports and had to be written off.

All in all, the strategy took a long time to work through to the bottom line—pre-tax profits edged up from £3.23m in 1982 to £5.14m in the year ending March 31, 1986, while earnings per share fell from 7.19p to 6.87p. Even with the forecast jump in profits and earnings to £5.75m and 8.9p in the year just ended, it was not a record to excite the market.

Wardle Storeys, by contrast, has a higher profile—a management buyout which rejoined the market and has since shown a shrewd eye for acquisitions. Its recent history dates back to when the evangelist financier, Mr Graham Ferguson Lacey, bought the old Bernard Wardle plastics sheeting business. Mr Lacey merged Wardle with a private group, NCC Energy, and brought in Mr Brian Taylor, previously a manager at such diverse companies as Associated Fisheries, McCann-Erickson and Wilkinson Match.

"At the time, the economy was in a mess and Wardle was losing £350,000 a month," recalls Mr Taylor, a 54-year-old with a pugnacious style and a reputation for straight talking. He moved Wardle back into operating profits within 18 months after a programme of cost-cutting.

Expansion needed extra capital and in 1982, Mr Taylor organised a management buy-out of the group, following it shortly afterwards with the purchase of its main rival, Storeys Industrial Products. Two years later, the combined group came to the market, presenting itself as an acquisitive industrial conglomerate.

It took 18 months for the first acquisition to arrive—after a hotly-contested bid, Wardle won control of industrial group RFD for £29m against a rival bid from Scapa in June last year. As part of the deal, Wardle promptly sold several divisions of RFD to Scapa for £14.5m and after disposing of property and defence interests, it was left with a parachute and rubber-dinghy manufacturer.

Last week, the benefits of the deal became apparent when Wardle announced trebled pre-tax profits of £5.57m and doubled earnings per share.

Brian Taylor, managing director of Wardle Storeys

The surviving RFD businesses increased profits by 118 per cent but more impressive was a 70 per cent increase in profits from the technical products mainly plastics sheeting manufacturing.

"He's achieved wonders with the old Storeys business," believes Mr Stuart Wamsley, director of chemicals research at Greenwell Montagu, and the RFD purchase is widely seen as a shrewd move.

"Brian Taylor has done an excellent job at RFD and there's every reason to suppose he can do the same at Chamberlain Phipps," says Ms Jinty Price, a chemicals analyst at Barclays de Zoete Wedd.

The Wardle bid looks generous on Chamberlain's forecast for the financial year just ended—the exit p/e is 18—but Chamberlain upset some of the calculations last week by making a new forecast of a 26 per cent jump in pre-tax profits to £7.26m this year.

Admittedly, that prediction caused some raised eyebrows, especially considering that it was made with more than 11 months of the trading year left to run.

"Analysts would have been rather surprised at that forecast if it had been made six months ago," says Mr Robin Gilbert, chemicals analyst at James Capel, the broker to Wardle Storeys.

But now the forecast has been made, it has caused some to doubt whether there is still scope for Mr Taylor to boost returns at Chamberlain. In the view of Greenwell Montagu's Mr Walmsley: "Chamberlain Phipps seem to be achieving part of what Taylor thought he could do."

The original three-for-ten Wardle bid consistently lagged behind the Chamberlain share price—on Monday's closing prices, it was worth 144p per Chamberlain share compared with the market price of 159p—indicating that a raised offer was clearly expected.

Given some recent press and Parliamentary comment, Mr Taylor was clearly anxious to dispel the image of a ruthless asset stripper when he announced the increased bid yesterday.

He has "no plans to divest any part of Chamberlain Phipps" and he adds that "no Chamberlain manager, provided he's competent has anything to fear." What Chamberlain does need, he believes, are tight financial controls, the better management Wardle can offer, and an integrated adhesives business, which might require further acquisitions.

Before the revised bid announcement, some analysts were wondering aloud whether Wardle might walk away rather than pay too high a price. But now the new offer has arrived, complete with a cash alternative partly funded by Wardle's £24m liquidity pool, Wardle must be favourite to win the day.

McLeod Russel disposal plan

Shares in McLeod Russel, a plantations and industrial group, rose sharply yesterday, to colse at 388p, up 55p, when it announced it had reached agreement in principle to sell most of its Indian tea interests for £18.4m to a consortium of European investors.

McLeod, which in February announced plans to expand outside the commodities business, said that if the deal went through—and it was still subject to several approvals—it would use the proceeds to expand its other activities in the UK and overseas and repay existing bank borrowings.

An 80 per cent stake in McLeod's tea interests would be merged with Mendip, a company owned by a consortium

James Ferguson acquires 10% interest in BCSR

BY GRAHAM DELLER

James Ferguson Securities, a subsidiary of James Ferguson Holdings, the financial and computer services and investment holding company, has acquired 8.04m shares in Bristol Channel Ship Repairers.

The block represents just over 10 per cent of the equity capital.

The bulk of the shares, 6.84m, were purchased from Tifa AG, the Liechtenstein-domiciled company controlled by Mr David Mitchell, a former chairman of Ferguson.

Tifa's holding was registered in the name of Barlow Clowes Nominees which stated that it was no longer interested in shares in Bristol Channel.

Barlow Clowes, formerly a private company managing gilt-edged portfolios for the smaller investor and a licensed deposit taker, was acquired last month by James Ferguson in a £9.2m deal.

Bristol Channel shares have been a source of speculative excitement for some considerable time. The chairman, Mr Christopher Bailey, is also chairman of C. H. Bailey, and through the latter currently controls a 46 per cent stake in Bristol Channel.

Bristol Channel shares rose 1¼ to 14p yesterday.

Avana bid heads for photo finish

THE £280m bid battle for Avana, the Welsh food company, moved closer to a photo-finish with both sides in the market for shares yesterday.

Morgan Grenfell, which is advising predator Ranks Hovis McDougall, announced at lunchtime that it had raised its total stake to 5.76m shares or 16.51 per cent. Last night, the bankers said additional purchases had been made

But RHM revealed yesterday that the level of acceptances for its bid—primarily from individual shareholders—was still low at 3.16 per cent.

Added to the share stake announced by Morgan Grenfell and the 20.33 per cent interest which RHM bought from Northern Foods at the outset, that means the company has control of 40 per cent of Avana.

Avana, however, hit back at the level of acceptances which, chairman Dr John Randall said, "implied rejection of the bid."

Its own advisers, County, purchased a further 355,000 shares yesterday, lifting its stake to 2.66 per cent.

Avana has public pledges of support from institutions controlling around 10 per cent of the shares; the Avana pension fund controls 1.9 per cent.

Yesterday, Avana shares dropped 8p to 791p, while RHM strengthened 2p to 310p.

Christy-Hunt diversifies

Christy Hunt, an engineering group, is diversifying into ceramics with an acquisition valued at up to £2.4m.

It is acquiring Taylor Tunnicliff, a Stoke on Trent-based manufacturer of domestic, electrical, technical and industrial ceramics.

The deal will be financed via the issue of 2.7m new shares in Christy and 1.3m redeemable preference shares which will be converted into a maximum 1.8m ordinary shares depending on profits performance in 1987.

Shares in Christy Hunt closed up 8p at 60p.

The 2.7m new shares represent 29.9 per cent of Christy's enlarged share capital. The full conversion of the preference shares world take Majorgraph's holding above 30 per cent but the Takeover Panel has agreed, in principle, that it should not be obliged to make a general offer for the rest of the issued share capital.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Barham Group	†1.5	—	1	3	2
Edmond Holdings	0.35	—	0.2	0.5	0.2
Guthrie	3.2	June 30	—	3.2	—
Micro Business	0.5	—	nil	0.5	0.5
RMC Group	†12.5	June 8	9.4	17.5	14
Savoy Hotel A	4	—	3.5	4	3.5
Savoy Hotel B	2	—	1.75	2	1.75
Silvermines	¶1	July 1	2	2	4
Taylor Woodrow	7.25	July 1	6.63*	9.5	8.63*
Telephone Rentals	5	July 2	4.5	7.75	7
Ward White	†5.25	July 3	4.55	7.5	6.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Irish currency.

This announcement appears as a matter of record only.

April 1987

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Guthrie
Profits up by 25%

Year ended 31 December	1986	1985
Profit before taxation	£17.6m	£14.1m
Profit after taxation	£14.8m	£11.8m
Earnings per share	19.1p	16.5p

"The 25% increase in Guthrie's profits in 1986 maintains the strong upward trend since the re-organisation of the group in 1982 when pre-tax profits amounted to only £1.7 million."

Jock Green-Armytage, Managing Director

Aviation Services ● Automotive Components
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The Annual Report and Accounts for 1986 will be available after 12 May 1987 from the Secretary, The Guthrie Corporation PLC, 6 Devonshire Square, London EC2M 4LA.

COMMODITIES AND AGRICULTURE

Gold nears 4-year high as stocks and bonds fall

BY STEFAN WAGSTYL, MINING CORRESPONDENT

GOLD PRICES in London closed at their highest levels for nearly four years yesterday as investors diverted funds away from the falling equity and bond markets.

Bullion closed at $442.75 an ounce, its highest closing price since May 18 1983. Platinum finished at $7.75 an ounce up at $591.75 an ounce, and silver closed on the London Metal Exchange 10.5p higher at 430.50p for metal for immediate delivery.

Traders said the prime reasons for the increases in precious metal prices were the recent decline of the US dollar, and of the American stock and bond markets, together with falls in other financial markets, including London and Tokyo.

Yesterday's announcement of a further increase in the US merchandise trade deficit to US$15.1bn for February, against a revised US$12.3bn in January, reinforced investors' fears about the state of the US economy and the possibility of an international trade war.

Mr Keith Smith, group chief executive of Mocatta, the gold trading company, said: "With the stock markets in their present condition I can see gold going through $500 an ounce. Once you have got momentum in the market, expectations of price increases become self-fulfilling."

Another London trader said: "Gold is on the cusp." It had reached the levels last seen last September. If it now reached $450 an ounce it could soar away, he said.

Gold has been rising steadily for two years since hitting a low for the 1980s of $284.75 an ounce at the London close in early 1985. However, much of the increase has merely reflected the decline in the US dollar over that time. In terms of yen, Deutsche Marks, and Swiss francs, gold is still close to its lowest levels of the decade.

A further increase in bullion prices is forecast in the 1987 annual gold review published this month by Goldman Sachs, the US investment house.

More investors, including institutions, are interested in gold than ever before and this has changed the nature of the gold market, says the report prepared by Christian Podleska and van Musschenbroek, a research company.

As a result prices rose even though the supply of gold hit a record 62.4m tonnes—boosted by 13m ozs exported by Communist countries—and fabrication demand fell. Communist sales, which were 71 per cent higher than in 1985, are likely to fall to around 10m ozs in 1987. Nevertheless, expanding mine production outside South Africa is expected to keep supply at record levels this year.

"The price may have to weaken some during 1987, but from a longer term prospective appears set to rise further over the next several years," says the report.

Haitian sugar refineries to close

By Canute James in Kingston

SUGAR REFINERS in Haiti say they plan to close this weekend because of mounting debts and increasing competition from cheap imports. The closures are likely to affect more than 250,000 workers and farmers in the Caribbean republic.

The refiners have blamed the country's interim Government for the state of the industry, saying the imposition of the $3 tax on each sack of sugar and the importation of sugar at 2 cents per pound to be sold for 40 cents, had undermined their viability.

They said also that the Government was doing little to end the illegal importation of sugar from the neighbouring Dominican Republic. The Haitian American Refinery reported that sales had fallen significantly from the normal level of about 400,000 sacks a day and that stocks were mounting. It said it could not service its debts of $7.6m owed to the Bank of Nova Scotia.

The Dessalines refinery said its sales had also been hit by imports from the Dominican Republic.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,300-2,330 (2,310-2,340).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 2.05-2.20 (same).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 0.94-0.98 (0.89-0.92), sticks, 0.94-0.98 (0.89-0.92).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.10-6.36 (6.00-6.20).

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 215-225 (205-220).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.05-3.10 (3.03-3.07).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.65-5.20 (4.80-5.20).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 50-55 (49.55).

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif, 2.52-2.56 (2.50-2.53).

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 16.75 (same).

Cocoa market unimpressed by producer plan

By Peter Blackburn in Abidjan

THE ANNOUNCEMENT last week by major cocoa producers that they would again harmonise sales of cocoa beans and products has made little impact on a dull and sceptical market, analysts report.

A communique issued after a four-day meeting in the Cameronian capital, Yaounde, of the 11 nation Cocoa Producers Alliance (CPA) expressed "serious concern" at the current world market situation but did not specify what measures would be taken to harmonise sales.

Analysts expect that the CPA, the membership of which accounts for about 80 per cent of world output, will restrict cocoa sales over the next few weeks. However, this would represent a "continuation" rather than a "change" in marketing policy, they add.

"If past experience is any guide it will continue to be a case of every man for himself," one commented.

The new International Cocoa Agreement (ICCA) which came into force on January 20 also makes provisions for cocoa producers to withold output from the market.

Cocoa producers are hopeful that support buying by the ICCA buffer stock manager will soon help to strengthen prices.

US steps up attack on Japan's rice ban

MR RICHARD LYNG, the US Agriculture Secretary, was leaving today for Tokyo, where he will demand that Japan should remove barriers to US exports of rice, beef, citrus and other farm products, or face mounting trade protectionism in the US, reports Reuter from Washington.

The Agriculture Secretary, who will be joined on April 20 by Mr Clayton Yeutter, the US trade representative, will tell Japanese officials that unless significant steps are taken to increase imports of a range of farm products, including rice, the most sensitive of all, Japan will face a growing threat to its exports to the US.

"We are going to attack the Japanese (agriculture) policies," Mr Lyng said before his departure.

"They (the Japanese) cannot continue the policies that they have had . . . access to that market is going to have to be opened or there will be further steps to tighten it here," he added.

He said US support for free trade with Japan was waning, both in Congress and among the public.

High on Mr Lyng's shopping list will be the scrapping of Japan's long-standing ban on rice imports. At least a portion of the Japanese rice market must be opened to imports, he said, although he did not say how big a portion.

He will also be demanding that Japanese import quotas on beef, fresh oranges and orange juice should be scrapped or at least liberalised by April 1.

Japanese officials have already indicated that they will have to reject the US demands, because of political implications about the freeing of imports, particularly for rice.

Mr Lyng noted that, during a trip to the US, Mr Mitsuki Kato, the Japanese Agriculture Minister, had said Japan would not negotiate on its rice policy.

He said he understood the "mystical" characteristics of Japanese rice policy; that was why the US was asking only for a partial opening of rice imports.

"They can't have it both ways," he insisted. "They cannot have this extreme example of protectionism."

"I would be disappointed if they can't find some way to give us some volume," Mr Lyng said.

Oman pins its hopes on oil demand rise

BY ANDREW GOWERS, MIDDLE EAST EDITOR, IN MUSCAT

OMAN, one of the non-Opec oil producers which has co-operated with the cartel this year in cutting production to boost prices, hopes to be among the countries allowed an increase in output in the second half of this year to take advantage of an anticipated increase in demand.

Bin Ahmad Bin Said Al Shanfari, the Sultanate's Oil Minister, expects demand for Opec oil to increase by about 1m barrels per day (b/d) by the end of the third quarter of 1987, and that members of the cartel and non-members should be permitted to raise production when that happens.

He stressed, however, that Oman would decide on its policy only after careful consultation with its partners in the six-nation Gulf Co-operation Council.

The Sultanate—which derives almost all its foreign exchange earnings and government revenues from oil—is a relatively small producer, but became an increasingly significant competitor of some other GCC countries as its oil exports—especially to Japan and its other principal customers in the Far East—rose during the price war which statred in 1985.

It agreed to cut production from around 600,000 b/d to its present level—estimated by the Minister at between 525,000 and 535,000 b/d—at the beginning of this year, after a meeting between Sultan Qaboos and King Fahd of Saudi Arabia.

Mr Shanfari said oil producers had learned "a very hard lesson" as a result of the collapse in prices last year to below $10 per barrel, and that they would therefore go to considerable lengths to hold the line on production this year. Asked about reports that over-production by Dubai—a member of the United Arab Emirates federation—is causing the UAE to break its agreed output quota, Mr Shanfari said that even if they were true, it would not make any appreciable difference to the market.

He added that the oil companies and customers had been "shocked" the extent to which Opec has managed to make its December production agreement stick, and that there had been intense efforts to divide producers.

Although he denied that the Sultanate had changed its basic philosophy on oil prices and production, Mr Shanfari's remarks illustrate the way in which the GCC—which includes countries with small reserves like Oman and the massive producers like Saudi Arabia and Kuwait — has emerged as a more unified bloc within Opec of late. There have been increasingly regular meetings in recent months between oil ministers from the grouping, which also incorporates Bahrain (another non-Opec member), Qatar and the UAE.

The Omani minister also revealed that the price fall had had a serious effect on Oman's own oil development plans. Plans to develop between 12 and 15 small, high-cost fields had been shelved for the moment, as they would not be economically viable with oil below $22 per barrel. The Sultanate, which has reserves of about 4bn barrels was, however, proceeding with the development of a number of light oil fields close to its pipeline network.

THE NORWEGIAN Government is preposing an investment calling for the development of oil and gas fields of NKr 25bn (£2.25bn) a year through to 1995—little more than half the value of the total plans put forward by oil companies, writes Karen Fossli in Oslo.

The companies were planning a peak investment of NKr 40bn in 1991. But Norway's Labour Government is worried that the economy could become overheated if the already dominant oil sector is allowed to expand too quickly.

The country's oil production is projected to increase from 1m barrels a day now to at least 1.6m barrels a day in 1992, according to Mr Arne Oeien, Minister for Oil and Energy, whose department proposed the limit in a recent White Paper to the Storting (the Norwegian Parliament).

If the oil companies were allowed to have their way it would reach 1.9m barrels a day in 1994, and if Opec production limits were still in force that would take Norway into third place in the world output league, behind Saudi Arabia and Iran.

Sri Lanka's brimming rice bowl

BY MERVYN DE SILVA IN COLOMBO

IN SPITE of the worst drought since the mid-1950s and the disruption of paddy production in the Eastern Province "rice bowl"—an area seriously affected by the Tamil separatist insurgency—Sri Lanka will not need to import any rice this year. "In fact we have a glut," according to Mr V. R. Rodrigo, the deputy food commissioner.

In 1986, when one seasonal crop was affected by the violence and the drought, the island imported 100,000 tonnes of rice from China and Burma as a buffer stock. There is a balance of 30,000 tonnes left from those imports in addition to the 160,000 tonnes of local rice in the department's stores.

The Agriculture Ministry's production target for the two season ("maha" and "yala") in 1985-86 was 135.4m bushels. An agriculture department official said this week that the actual figure was likely to be 124m bushels of paddy. In 1977, when the Government of President Richard Jayewardene took office, paddy production was less than half this figure, and rice imports exceeded 500,000 tonnes.

Explaining the Government's strategy for greater production, the Africulture Minister, Mr Gamani Jayasuriya, said: "The liberalised economy we introduced made key inputs such as fertiliser, agrochemicals, agricultural machinery and equipment, and high-yielding varieties possible." Farmers were given high quality seeds while the Ministry encouraged better water management, and established extension services. Crucially important, the minister said, was "institutional support."

The free import policy and the participation of the private sector saw a steady rise in fertiliser imports, from 395,000 tonnes in 1977 to 508,502 tonnes in 1986. The number of tractors in use rose from 28,642 to 71,353 in the same period, and the number of lorries in the country went up from 39,000 to 91,700.

In the last 10 years, seed supply has risen from 250,000 bushels to 600,000. While a stronger emphasis was given to seed production on government farms, contract growers were also encouraged. Under the Government's "agriculture extension and adaptive research project," research was decentralised with eight new stations established in the Island's paddy growing areas.

"A concerted attempt is also being made to instruct the cultivators in advanced technology," the Minister said. Since conservation of water during the "maha" season is essential to success in the "yala" season improvement of water management has received special attention in the Ministry's programme.

As much as 95 per cent of the total paddy land has been sown to improved varieties. The Government claims that this percentage is the highest in Asia, and that if weather conditions had been normal the production target would have been met quite easily. A major worry nevertheless is the insurgency and army operations in the east. Besides production problems, there are many difficulties in procurement by the Paddy Marketing Board.

Mr Israel Ben-Ami, the first Israeli agriculture expert to serve here, has warned, however, of the dangers of overproduction of paddy once new lands are opened under the $1bn Mahaveli River diversion project. "It's a race against time to give the farmers an alternative to paddy," he observes. On account of the high-cost factor in Sri Lanka, he has ruled out the possibility of exporting rice in competition with long-established exporters. The farmers, he noted, go for the "sure" crop, a steady market and good profit. While paddy, chili and onions have a very high profitability, Sri Lankan farmers should be taught that they could count on much higher yields and equally high profit from other crops such as groundnuts, peppers, soyabeans, cabbages

LONDON MARKETS

COFFEE FUTURES prices on the London market yesterday stepped out of the shadows with the July position registering a £40 rise to £1,426.50 a tonne. But after weeks of watching the coffee market languishing near long-time lows traders were wary of being fooled by a false dawn. They said the rise was based on technical factors and that there was no underlying fundamental strength. Sentiment remained bearish, they added. As might have been expected the rise in prices led roaster buyers to back away from the market, and this did little to bolster the trade's confidence. Colombia remained an active seller, dealers noted, but there was little West African coffee on offer. Cocoa values ended modestly higher as a firmer market trend was restrained by sterling's strength. Dealers said sentiment was encouraged by news of a rise in UK cocoa bean grindings in the first quarter of this year, which followed similarly encouraging figures from the US and West Germany earlier in the week. Base metals prices moved narrowly on the London Metal Exchange, with the exception of aluminium, which ended £20.50 down in the cash position at £849 a tonne. This was attributed to an easing in fears of a supply squeeze following heavy offerings of metal for immediate delivery.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	848-50	−20.5	—
3 months	800-1	−6	806/796.5

Official closing (am): Cash 867-8 (868-9), three months 805-5.5 (807-8), settlement 868 (869). Final Kerb close: 798.5-7. Turnover: [illegible] tonnes.

COPPER

[illegible]

LEAD

[illegible]

NICKEL

[illegible]

ZINC

[illegible]

TIN

[illegible]

GOLD

[illegible]

SILVER

[illegible]

SUGAR

[illegible]

RUBBER

[illegible]

MEAT

[illegible]

INDICES

REUTERS

Apr. 14	Apr. 13	M'th ago	Year ago
1556.1	1558.7	1552.7	1806.2

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Apr. 13	Apr. 10	M'th ago	Year ago
Spot	118.14	118.05	—	128.85
Fut	119.39	118.09	—	126.32

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Apr. 14 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1405/465	+5	$1345/85
Copper			
Cash Grade A	£914.5	+0.25	£906.5
3 mths	£877.25	+1.75	£894.75
Gold Troy oz	$442.75	+5.5	$405
Lead Cash	£329.5	−3	£306.5
3 mths	£316.25	−1.5	£300.75
Nickel			
Free Mkt	175/185c		175/185c
Palladium oz	$139.25	+3.55	$124.60
Platinum oz	$591.75	+7.75	$523.00
Quicksilver†	$220/230		$265/275
Silver troy oz	421.60p	−2.40	350.65p
3 mths	431.65p	−2.60	359.30p
[illegible]			
OTHERS			
Cocoa Ft. July	£1323.5	+4	£1306.5
Coffee Ft. July	£1392.5	+36	£1281
Cotton A Ind.*	66.15c	+0.35	63.00c
Gas Oil June	$140	+0.5	$149.75
Rubber (kilo)	61p	+0.5	61.75p
Sugar (raw)	$176x	+1.5	$191.5
Wooltops 64s	471p kilo		455p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. ‡ Cotton outlook. z March-April. x April-May. y May. w June-Aug.

SOYABEAN MEAL

Prices remained firm throughout the day on good commercial and speculative buying against firmer cash prices. A firmer Chicago gave values a further boost before light profit-taking emerged, reports Muirpace.

	Y'sterd'ys close £ per tonne	+ or −	Business done
June	117.0-117.3	+1.25	—
August	114.8-115.2	+1.65	115.3-114.0
October	119.8-115.8	+1.55	114.8
Dec	118.8-119.2	+2.90	119.0
Feb	122.5-122.5	+1.85	120.8
April	[illegible]	+2.25	—

Sales: 455 (95) lots of 20 tonnes.

COFFEE

Commission house short-covering and roaster price-fixing pushed levels £44 higher as prices followed a strong New York market, reports Drexel Burnham Lambert. With strong technical short-covering in New York, robusta prices advanced, encountering light trade selling. Small amounts of origin offers were easily absorbed.

COFFEE	Yesterday close	+ or −	Business Done
May	1306-1318	+39.5	1315-1281
July	1322-1325	+36.0	1330-1290
Sept	1342-1345	+48.0	1350-1310
Nov	1362-1365	+42.5	1370-1335
Jan	1380-1385	+37.5	1385-1365
Mar	1405-1418	+40.0	1403-1386
May	1420-1480	+30.0	—

Sales: 6,764 (2,500) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for April 13: Comp. daily 1979 102.46 (101.24); 15-day average 99.60 (99.60).

COCOA

After trading in a narrow range futures closed at the highs, slightly above the previous evening. Light second-hand physical trading was noted, but producers and consumers declined to participate, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
May	1294-1295	+4.0	1295-1280
July	1323-1324	+4.0	1324-1308
Sept	1343-1344	+3.0	1346-1341
Dec	1369-1370	+2.0	1372-1368
March	1395-1396	+2.0	1395-1382
May	1413-1414	+0.5	1417-1414
July	1432-1434	+1.5	1435-1433

Sales: 1,805 (1,530) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for April 14: 1,586.50 (1,576.91); 10-day average for April 15: 1,578.99 (1,578.51).

POTATOES

In quiet trading May found buying interest to reach the highs of the day by lunchtime. Distant April opened lower and traded quietly as plating conditions improved. However, fears still remain over the area planted to date. Profit-taking towards the end of the day saw May slip, reports Coley and Harper.

[illegible]

US MARKETS

RELEASE OF the March US trade figures triggered mixed and, at times, aggressive buying in the precious metals, reports Drexel, Burnham Lamberte. Good trade commission house and local buying held the markets steady before fresh buying emerged that took them through major stops towards the close. The only exception, again, was copper which fell on continued trade selling and liquidation. Crude oil held barely steady on mixed buying before trade buying emerged late in the session to accelerate the rise. Cotton futures remained steady on commission house buying; the trade was a noted scale-up seller. Coffee futures rallied on short-covering. Cocoa held in a narrow range. Sugar futures fell as early trade selling touched off commission house stops before trade buying at the lows pared losses. Orange juice fell on commission house selling. The grains all eased on profit-taking to close with pared gains after earlier strength reflecting firmer cash premiums and the weaker dollar. The meats eased on profit-taking.

NEW YORK

ALUMINIUM 40,000lb, cents/lb

	Close	Prev	High	Low
May	64.70	64.40	65.00	64.70
June	63.20	63.50	—	—
July	62.90	62.90	62.50	62.40
Sept	59.80	59.50	59.60	59.50
Dec	59.20	58.90	59.05	58.50
Jan	59.20	58.90	—	—
March	59.20	58.90	59.70	59.70
May	59.20	58.90	—	—
July	59.20	58.90	—	—

COCOA 10 tonnes, $/tonnes

[illegible]

COFFEE "C" 37,500 lb, cents/lb

[illegible]

COPPER 25,000 lb, cents/lb

[illegible]

COTTON 50,000lb, cents/lb

[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 US gallons, cents/US gallons

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

[illegible]

LIVE HOGS 30,000 lb, cents/lb

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
May	281.6	278.4	285.0	280.0
July	265.4	260.2	269.0	263.7
Sept	268.0	262.0	270.0	265.0
Dec	273.4	269.4	274.4	272.0
March	275.0	269.0	276.2	271.0
May	268.0	264.6	270.4	268.0

SPOT PRICES

SPOT PRICES: Chicago loose lard 13.50 (same) cents per pound. Handy and Harman silver bullion 708.5 (682.5) cents per troy ounce. New York tin 316-20 (316-8) cents per pound.

FREIGHT FUTURES

The market opened steady on good commission house buying before stalling towards the morning close. The afternoon saw further buying from the same source at the higher levels. Rumours began to circulate of another nuclear incident in the Soviet Union which also lifted the market. These rumours were subsequently denied, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	991/995	995/991	985/990
July	841	843/805	807/810
Oct.	915/920	915/885	875/880
Jan.	910	910/890	885/890
Apr.	920	920	890/950
July	780	—	770
Oct.	930	—	910
Jan.	900/940	—	920
BFI.	1007.5	—	1010.5

Turnover: 319 (417).

GRAINS

Old crop steadied on lack of offers reaching 60p up on mixed buying interest before finding keen trade selling to rapidly lose early gains and close on the lows. New crops, after early gains, found keen shipper selling before rallying on further consumer buying to finish on a steady note, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close £ per tonne	+ or −	BARLEY Yest'rdy's close £ per tonne	+ or −
May	121.35	+0.15	112.00	—
July	124.40	+0.10	—	—
Sep.	100.70	+0.45	99.35	+0.35
Nov.	103.10	+0.45	102.00	+0.25
Jan.	106.00	+0.50	104.65	+0.30
Mar.	108.65	+0.55	106.90	+0.15
May	111.50	+0.45	108.80	+0.15

Business done—Wheat: May 121.70-1.35, July 124.90-4.40, Sept 100.70-0.55, Nov 103.15-2.90, Jan 106.10-6.00, March untraded, May 111.60-1.20. Sales: 127 lots of 100 tonnes. Barley: May 112.05-2.00, Sept untraded, Nov 102.05-2.00, Jan 104.60-4.50, March 106.90, May untraded. Sales: 73 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 112.40, W. Mids 112.70, N. West 113.50. The UK monetary coefficient for the week beginning Monday April 20 (based on HGCA calculations using five days' exchange rates) is expected to change to 1.241.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent April/May/June 94.50, July 93.00 sellers. US no 2 soft red winter June 89.75, July 86.75, Aug 87.50. French 11½-12 per cent April 145.00. English feed fob April 122.50/123.00 buyer/sellers, May 122.50 buyer, May/June 123.50, Sept 103.50 sellers, Oct/Dec 105.50/106.25, Jan/Mar 109.50/110.25 buyer/sellers, April/June 114.50 sellers. Maize: US no 3 yellow/French transhipment east coast Mar 143.25. Barley: English feed fob April 116.00, Aug 101.50, Sept 102.00, Oct/Dec 105.50, Jan/Mar 110.00 sellers.

OIL

Brent traded actively for May selling at $17.40 and below but recovering slightly towards the close. May WTI opened 16c down on Nymex and traded 7c down at 1.30 pm EDT. In the petroleum products market gasoline was weak in thin trade. Fuel oil, gas oil and naphtha continued stable—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.90-17.00	−0.05
Brent Blend	17.45-17.55	−0.02
W.T.I. (1pm est)	17.90-17.95	−0.12
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	196-200	−2.5
Gas Oil	144-146	+4
Heavy fuel Oil	105-106	−0.5
Naphtha	165-168	−0.5

Petroleum Argus estimates.

GAS OIL FUTURES

Month	Yestrdy's close US $ per tonne	+ or −	Business Done
May	141.00	−3.75	142.25-39.50
June	140.00	+0.50	141.00-38.50
July	140.00	+0.50	140.75-38.00
Aug	148.00	+1.00	141.50-40.00
Sept	143.00	—	143.00-42.50

Turnover: 4,093 (4,016) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or −	Business Done
May	93.00	+2.00	93.00-91.50
June	89.00	+0.50	89.00-88.50

Turnover: 8 (4) lots of 100 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales for the week commencing April 6 amounted to 1,096 tonnes against 435 tonnes in the previous week. Extensive trading brought dealings in American, Sudanese, Colombian and Central and West African varieties.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Trade figures hurt dollar

DISAPPOINTING US trade figures pushed the dollar weaker yesterday although the extent of the decline was restricted by widespread central bank intervention. February's trade deficit of $15.1bn was consideraby larger than January's revised shortfall of $12.3bn and although better than some of th figures circulating the market earlier, the deficit gave further impetus to the call for a lower dollar to correct trade imbalances.

However the US unit failed to break through the important Y140 level although there were signs that this could be severely tested later in the Far East. Further concern was caused by a growing feeling that the dollar's continued decline was likely to precipitate a dis-investment in US dollar denominated paper, adding further downward pressure on the dollar.

US interest rates were firmer, with three-month Euro-dollar rates rising from 6¾-6⅞ per cent to 7¹⁄₁₆-7⁄47 per cent.

The dollar fell to a low of DM 1.7965 against the D-Mark before closing at DM 1.8020 still down from DM 1.8100 on Monday. Against the yen it fell to Y141.10 from Y142.60, having touched a record trading low of Y140.35. Elsewhere it slipped to SFr 1.4850 from SFr 1.4985 and FFr 5.9975 from FFr 6.02. According to the Bank of England, the dollar's exchange rate index was unchanged at 100.5.

STERLING—Trading range against the dollar in 1987 is 1.6325 to 1.4710. March average 1.5828. Exchange rate index 72.0, unchanged from Monday. The six months ago figure was 67.6.

Sterling rose to $1.6325 from $1.6245. its best level since December 1982. Elsewhere it showed mixed fortunes, rising against the D-Mark to DM 2.9425 from DM 2.94 but easing against the yen to Y230.25 from Y231.75. Elsewhere it fell to SFr 2.4250 from SFr 2.4350 but rose against the French franc to FFr 9.79 from FFr 9.78.

Further opinion polls suggesting a Conservative win at the next general election provided underlying support although the pound did not benefit from the dollar's misfortune as much as some other currencies as speculators tended to switch more into low risk currencies such as the Swiss franc.

D-MARK—Trading range against the dollar in 1987 is 1.8385 to 1.7870. March average 1.8355. Exchange rate index 146.6 against 142.6 six months ago.

Trading was subdued during the morning in Frankfurt ahead of US trade data. A $15.1bn deficit was taken badly, even though it was better than the more pessimistic forecasts of up to $18bn. The dollar was fixed at DM 1.8036 before the announcement from DM 1.8088 on Monday and its decline during the afternoon was restricted to some extent by obvious intervention by Swiss, French and West German central banks. Dealers reported more interest in the safer currencies such as the Swiss franc which was fixed at DM 1.2116 up from DM 1.2079 on Monday and its best level since October last year.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 141.10. March average 151.41. Exchange rate index 225.0 against 215.2 six months ago.

Continued intervention by the Bank of Japan failed to prevent the dollar from a further sharp fall in Tokyo. Traders were selling dollars even before the announcement on the trade figures as the market's bearish attitude towards the dollar seemed unaffected by repeated attempts by central banks to achieve some sort of stability.

£ IN NEW YORK

Apr 14	Close	Previous Close
£ Spot	1.6315-1.6325	1.6265-1.6275
1 month	0.43-0.40 pm	0.41-0.40 pm
3 months	1.22-1.18 pm	1.21-1.18 pm
12 months	3.58-3.48 pm	3.56-3.46 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Apr. 14	Previous
8.30 am	71.9	72.0
9.00 am	72.0	72.0
10.00 am	71.9	72.0
11.00 am	71.9	72.0
Noon	72.0	72.0
1.00 pm	72.1	72.0
2.00 pm	72.0	72.0
3.00 pm	72.1	72.0
4.00 pm	72.0	72.0

CURRENCY RATES

Apr. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.79565	0.706738
U.S. Dollar	5.5	1.2959	1.15163
Canadian $	7.25	*	1.51234
Austrian Sch.	4	16.4279	14.6084
Belgian Franc	8	48.3947	43.0047
Danish Krone	7	N/A	7.83569
Deutsche Mark	3.0	*	2.07696
Neth. Guilder	4½	*	2.34184
French Franc	9½	7.7779	6.91150
Italian Lira	11.5	N/A	1481.00
Japanese Yen	2½	183.89	162.725
Norway Krone	8	N/A	7.78789
Spanish Peseta	—	*	145.969
Swedish Krona	7½	*	7.29951
Swiss Franc	3.5	*	1.71535
Greek Drach.	20½	*	152.844
Irish Punt	—	*	0.777340

*CS/SDR rate for April 10: 1.68216

CURRENCY MOVEMENTS

April 14	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.0	−21.2
U.S. Dollar	100.5	−6.4
Canadian Dollar	78.1	−10.0
Austrian Schilling	137.8	+10.3
Belgian Franc	100.8	−4.2
Danish Kroner	93.0	+4.8
Deutsche Mark	146.6	+21.8
Swiss Franc	173.4	+23.6
Guilder	134.7	+14.4
French Franc	71.7	−12.6
Lira	47.9	−16.8
Yen	225.0	+68.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Apr. 14	£	$
Argentina	2.5095-2.5150	1.5350-1.5410
Australia	2.2560-2.2590	1.3840-1.3850
Brazil	38.0755-38.2900	23.3450-23.4620
Finland	7.1520-7.1645	4.3930-4.3950
Greece	216.25-218.00	131.65-133.85
Hong Kong	12.7150-12.7250	7.8025-7.8045
Iran	116.10*	70.95*
Korea (Sth)	1361.85-1374.15	837.40-844.20
Kuwait	0.44170-0.44220	0.27085-0.27095
Luxembourg	61.00-61.10	37.35-37.45
Malaysia	4.0230-4.0380	2.4700-2.4720
Mexico	1867.25-1886.35	1145.00-1156.00
N. Zealand	2.8090-2.8165	1.7210-1.7240
Saudi Ar.	6.1155-6.1205	3.7495-3.7505
Singapore	3.4720-3.4820	2.1320-2.1340
S. Af. (Cm)	3.2500-3.2715	1.9960-2.0000
S. Af. (Fn)	4.7655-4.9090	2.9195-3.0075
Taiwan	55.30-55.60	33.95-34.05
U.A.E.	5.9900-5.9950	3.6725-3.6735

*Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0047	+1.29	+0.84	±1.5344
Danish Krone	7.85212	7.83569	−0.21	−0.66	±1.6404
German D-Mark	2.05853	2.07696	+0.90	+0.45	±1.0981
French Franc	6.90403	6.91150	+0.11	−0.34	±1.3674
Dutch Guilder	2.31943	2.34184	+0.97	+0.52	±1.5012
Irish Punt	0.768411	0.777340	+1.16	+0.71	±1.6684
Italian Lira	1483.58	1481.00	−0.17	−0.17	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Apr. 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6235-1.6345	1.6320-1.6330	0.43-0.40c pm	3.05	1.13-1.08 pm	2.71
Canada	2.1252-2.1547	2.1530-2.1540	0.56-0.46c pm	2.84	1.30-1.18 pm	2.30
Netherlands	3.30½-3.32½	3.31½-3.32½	1⅝-1¼c pm	4.52	3⅝-3½ pm	4.29
Belgium	60.75-61.10	61.00-61.10	19-12c pm	3.05	49-35 pm	2.75
Denmark	11.06¼-11.11¼	11.09¼-11.10¼	⅛ pm-⅛ ore dis	—	Par-⅛ dis	−0.05
Ireland	1.0965-1.1025	1.0995-1.1005	0.18-0.28 p dis	−2.51	0.49-0.69 dis	−2.04
W. Germany	2.93½-2.94¼	2.93½-2.94½	1½-1⅜pf pm	6.12	4½-4pm	5.95
Portugal	226.39-228.48	227.40-228.30	68-154c dis	−5.85	298-418 dis	−6.29
Spain	206.48-206.90	206.60-206.90	83-100c dis	−5.31	265-300 dis	−5.47
Italy	2088½-2098½	2097½-2098½	3—1 lire pm	1.14	5-Par pm	0.48
Norway	10.99¼-11.05	11.01¼-11.02¼	3⅝-4⅛ ore dis	−4.42	12-13¼ dis	−4.60
France	9.75½-9.79¼	9.78½-9.79½	1⅝-1⅛ c pm	1.84	4⅛-3¼ pm	1.53
Sweden	10.23¼-10.27¼	10.26¼-10.27¼	⅛-⅛ ore pm	0.37	1-⅛ pm	0.26
Japan	229¼-230¼	229¼-230¼	1⅜-1⅛y pm	6.51	3⅞-3⅝ pm	5.86
Austria	20.62-20.67	20.63-20.66	13⅛-9⅞gro pm	6.10	29⅛-27 pm	5.46
Switzerland	2.41½-2.43	2.42-2.43	1⅝-1⅛c pm	6.80	3⅞-3½ pm	5.98

Belgian rate is for convertible francs. Financial franc 61.15-61.25. Six-month forward dollar 2.01-1.96c pm. 12-month 3.30-3.20c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Apr. 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6235-1.6345	1.6320-1.6330	0.43-0.40c pm	3.05	1.13-1.08pm	2.71
Ireland†	1.4800-1.4870	1.4815-1.4825	0.75-0.70c pm	5.87	1.90-1.78 pm	4.97
Canada	1.3047-1.3195	1.3180-1.3190	0.01-0.04c dis	−0.23	0.08-0.11 dis	−0.29
Netherlands	2.0265-2.0360	2.0325-2.0335	0.26-0.23c pm	1.45	0.85-0.80pm	1.62
Belgium	37.21-37.45	37.35-37.45	1pm-2 c dis	−0.16	4pm-4 dis	—
Denmark	6.77½-6.81	6.79½-6.80	1.40-2.10ore dis	−3.09	5.15-5.85 dis	3.23
W. Germany	1.7960-1.8075	1.8015-1.8025	0.47-0.44pf pm	3.03	1.42-1.37 pm	3.09
Portugal	139½-139¾	139½-139¾	80-130c dis	−9.03	280-350 dis	−9.05
Spain	126.40-126.95	126.70-126.80	80-95c dis	−8.28	255-275 dis	−8.36
Italy	1280-1287½	1284½-1285½	1.80-2.30lire dis	−1.91	6.00-8.00 dis	−2.18
Norway	6.73½-6.77¼	6.75-6.75½	3.95-3.45ore dis	7.45	12.20-12.70dis	−7.36
France	5.98-6.00½	5.99½-6.00	0.60-0.70c dis	−1.30	1.60-2.00 dis	−1.20
Sweden	6.27½-6.30½	6.28½-6.29½	1.20-1.50ore dis	2.73	3.90-4.30dis	2.61
Japan	140.35-141.75	141.05-141.15	0.40-0.36y pm	3.23	1.14-1.09 pm	3.16
Austria	12.63-12.69	12.67½-12.68	3.40-2.90gro pm	2.98	9.25-8.25 pm	2.76
Switzerland	1.4820-1.4935	1.4845-1.4855	0.53-0.48c pm	4.07	1.29-1.24 pm	3.40

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.45-37.55.

EURO-CURRENCY INTEREST RATES

Apr. 14	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	9½-9¾	9¹¹⁄₁₆-9¹³⁄₁₆	9¹³⁄₁₆-9¹⁵⁄₁₆	9⅞-10	9¹³⁄₁₆-9¹⁵⁄₁₆	9¹³⁄₁₆-9¹⁵⁄₁₆
U.S. Dollar	N/A	6⅜-6⅝	6¹⁵⁄₁₆-7¹⁄₁₆	7¹⁄₁₆-7³⁄₁₆	7¼-7⅜	7⁵⁄₁₆-7⁷⁄₁₆
Can. Dollar	6½-6¾	6¾-7	7⅛-7¼	7⅛-7¼	7⅝-7¾	7¹³⁄₁₆-8¹⁄₁₆
D. Guilder	5⅛-5¼	5⁵⁄₁₆-5⁷⁄₁₆	5⅜-5½	5⅜-5½	5⁷⁄₁₆-5⁹⁄₁₆	5⁷⁄₁₆-5⁹⁄₁₆
Sw. Franc	1⅛-1¼	1½-1¾	3⁵⁄₁₆-3⁷⁄₁₆	3⁹⁄₁₆-3¹¹⁄₁₆	3⅝-3¾	3¹¹⁄₁₆-3¹³⁄₁₆
Deutschmark	3⁹⁄₁₆-3¹¹⁄₁₆	3⅞-4	3⅞-4	3⅞-4	3¹⁵⁄₁₆-4¹⁄₁₆	4¹⁄₁₆-4³⁄₁₆
Fr. Franc	8-8¼	8-8¼	8⁵⁄₁₆-8⁷⁄₁₆	8¼-8⅜	8⁵⁄₁₆-8⁷⁄₁₆	8⁵⁄₁₆-8⁷⁄₁₆
Italian Lira	8-10	8-8½	8½-9	9-9½	9½-9⅞	10¼-10⅝
B. Fr. (Fin.)	7⅜-7⅝	7¼-7½	7¼-7½	7¼-7½	7¼-7½	7¼-7½
B. Fr. (Con.)	6⅞-7⅛	6⅞-7⅛	7¼-7½	7¼-7½	7¼-7½	7¼-7½
Yen	3⁵⁄₁₆-3⁷⁄₁₆	4⅛-4¼	4⅛-4¼	4⅛-4¼	4⅛-4¼	4⅛-4¼
D. Krone	10¼-10¾	10¼-10¾	10¼-10¾	10½-11	10¾-11¼	11-11½
Asian Sing.	4⅛-4¼	N/A	3⅞-3¾	3⅞-3¾	3⅞-4	4-4⅛

Long-term Eurodollars: Two years 8-8⅛ per cent; three years 7⅞-8 per cent; four years 8-8⅛ per cent; five years 8⅛-8½ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr. 14	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.633	2.943	230.3	9.790	2.425	3.320	2098.	2.154	61.05
$	0.613	1.	1.802	141.1	5.998	1.485	2.033	1285.	1.319	37.40
DM	0.340	0.555	1.	78.25	3.327	0.824	1.128	713.0	0.732	20.75
YEN	4.343	7.090	12.78	1000.	42.52	10.53	14.42	9112.	9.353	261.5
F Fr.	1.021	1.668	3.006	235.2	10.	2.477	3.391	2143.	2.200	62.36
S Fr.	0.412	0.673	1.213	94.95	4.037	1.	1.369	865.2	0.888	25.18
H Fl.	0.301	0.492	0.886	69.35	2.949	0.730	1.	631.9	0.649	18.39
Lira	0.477	0.778	1.403	109.7	4.666	1.156	1.582	1000.	1.026	29.10
C $	0.464	0.758	1.366	106.9	4.546	1.126	1.542	974.2	1.	28.35
B Fr.	1.638	2.674	4.820	377.1	16.04	3.972	5.438	3437.	3.527	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Liffe trades over 100,000

TRADING WAS hectic on the futures markets in Chicago and London, following publication of the February US trade figures.

Total volume in futures and options on the London International Financial Futures Exchange broke through 100,000 contracts for the first time. Three-month Eurodollar futures were particularly active, at a record 20,239, compared with the previous record of 18,125 on Friday.

A US trade deficit of around $13bn was expected, and although rumours of a shortfall as large as $18bn had circulated in US markets on Monday, the published figure of $15.1bn, compared with a revised $12.3bn in January, was still a disappointment.

US securities house, E. F. Hutton, warned its clients of a global recession, and among other measures, recommended reducing bond holdings to 15 per cent from 25 per cent of total portfolios.

Dealers also noted the surge in Tokyo share prices earlier in the day, largely on money reinvested from the US bond market. After heavy Japanese selling overnight US Treasury bonds opened weak on Liffe.

The weakness of the dollar, falling to another record low against the yen, also encouraged selling of bonds in early Liffe trading. There was a rally ahead of the trade figures, but this was shortlived, as Chicago decided the $15.1bn deficit was a strong signal to sell.

June delivery bonds fell from an opening of 92-24 on Liffe to a low of 91-05, before recovering to close at 92-25, compared with 94-12 on Monday.

Long term gilts were depressed initially by US bonds, but withstood the main bout of pressure, as the market reacted favourably to the latest opinion polls, showing a lead for the Conservatives. The strength of sterling added support, and gilts moved up as the bonds recovered in late trading.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
112	9.45	10.03	0.01	0.23
114	7.47	8.20	0.03	0.40
116	5.54	6.46	0.10	1.02
118	4.09	5.18	0.29	1.38
120	2.41	4.03	0.61	2.23
122	1.32	3.00	1.52	3.20
124	0.51	2.10	3.07	4.30
126	0.22	1.32	4.42	5.52

Estimated volume total, Calls 2,208 Puts 1,142
Previous day's open int: Calls 22,646 Puts 12,086

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
90	4.45	5.13	0.21	1.57
92	3.10	4.01	0.50	2.45
94	1.55	2.60	1.31	3.40
96	1.02	1.55	2.42	4.35
98	0.31	1.10	4.07	5.54
100	0.15	0.45	5.55	7.25
102	0.06	0.25	7.46	9.05
104	0.02	0.15	9.42	10.59

Estimated volume total, Calls 110 Puts 36
Previous day's open int: Calls 467 Puts 576

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Apr	Calls—Last May	Puts—Last Apr	Puts—Last May
19250	3.20	4.91	2.00	3.71
19500	2.00	3.69	3.30	4.99
19750	1.14	2.70	4.90	6.50
20000	0.60	1.92	6.90	8.22
20250	0.29	1.33	9.09	10.13
20500	0.12	0.89	11.42	12.19
20750	0.05	0.58	13.85	14.38
21000	0.02	0.37	16.32	16.67

Estimated volume total, Calls 14 Puts 6
Previous day's open int: Calls 324 Puts 271

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last May	Calls—Last June	Calls—Last July	Calls—Last Sept.	Puts—Last May	Puts—Last June	Puts—Last July	Puts—Last Sept.
1.30	—	32.60	—	32.60	—	0.00	—	0.00
1.35	—	27.60	—	27.60	—	0.00	—	0.01
1.40	22.60	22.60	—	22.60	0.00	0.00	—	0.07
1.45	17.60	17.60	—	17.60	0.00	0.00	—	0.26
1.50	12.60	12.60	12.60	12.60	0.00	0.04	0.18	0.78
1.55	7.60	7.60	7.60	7.61	0.07	0.35	0.78	1.91
1.60	2.95	3.29	3.75	4.58	0.80	1.54	2.33	3.98

Estimated volume total, Calls 101 Puts 0
Previous day's open int. Calls 1,201, Puts 1,361

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last May	Calls—Last June	Calls—Last July	Calls—Last Sept.	Puts—Last May	Puts—Last June	Puts—Last July	Puts—Last Sept.
1.35	—	13.90	—	13.90	—	0.80	—	1.60
1.40	17.90	17.80	—	17.70	0.30	0.45	—	1.05
1.45	12.90	12.90	—	12.70	0.60	0.80	—	1.50
1.50	13.40	13.40	13.40	13.40	0.20	0.25	0.50	0.80
1.55	8.40	8.30	8.40	8.65	0.20	0.50	0.85	1.60
1.60	3.40	3.90	4.30	5.10	0.65	1.45	2.05	3.35
1.65	0.80	2.40	1.90	2.70	3.10	3.85	4.65	6.00

Previous day's open int: Calls 876 Puts 1,272
Volume: 23

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last May	Calls—Last June	Calls—Last July	Calls—Last Sept.	Puts—Last May	Puts—Last June	Puts—Last July	Puts—Last Sept.
1.400	—	23.00	—	23.60	—	—	—	0.10
1.450	17.60	18.00	—	18.00	—	—	—	0.25
1.475	15.50	15.50	—	—	—	—	—	0.40
1.500	12.50	13.00	—	13.10	—	0.10	—	0.60
1.525	10.50	10.50	10.50	10.50	0.05	0.35	0.55	1.00
1.550	8.10	8.10	8.10	8.35	0.10	0.30	0.65	1.50
1.575	5.60	5.70	5.90	6.40	0.15	0.60	1.10	2.15

Previous day's open int: Calls 60,468 Puts 30,475
Previous day's volume, Calls 5,147 Puts 587

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last June	Calls—Last Sept.	Calls—Last Dec.	Calls—Last Mar.	Puts—Last June	Puts—Last Sept.	Puts—Last Dec.	Puts—Last Mar.
92.25	—	0.67	0.65	—	—	0.13	0.26	—
92.50	0.53	0.49	0.49	—	0.04	0.20	0.35	—
92.75	0.33	0.34	0.36	—	0.09	0.30	0.47	—
93.00	0.18	0.22	0.25	—	0.19	0.43	0.61	—
93.25	0.08	0.15	0.16	—	0.34	0.59	0.77	—
93.50	0.03	0.07	0.10	—	0.54	0.78	0.96	—
93.75	0.01	0.03	0.06	—	0.77	0.99	1.17	—

Previous day's open int: Calls 215, Puts 898
Estimated volume, Calls 65, Puts 50

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
June	122-24	122-28	120-26	121-22
Sept.	122-24	—	—	121-22
Dec.	122-25	—	—	121-23

Estimated volume 44,635 (29,519)
Previous day's open int. 22,119 (23,371)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
June	—	—	—	—

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
June	90.43	90.44	90.38	90.45
Sept.	90.72	90.74	90.66	90.76
Dec.	90.82	90.83	90.76	90.85
Mar.	90.70	90.70	90.63	90.75
June	90.55	90.55	90.55	90.61
Sept.	90.36	—	—	90.46

Estimated Volume 5,692 (3,725)
Previous day's open int. 24,908, (25,548)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
June	192.70	193.90	191.80	193.70
Sept.	197.20	197.00	197.00	198.20

Estimated volume 1,020 (686)
Previous day's open int. 3,740 (3,877)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
June	92.77	92.88	92.62	92.099
Sept.	92.50	92.64	92.35	92.79
Dec.	92.25	92.44	92.15	92.64
March	92.03	92.12	91.95	92.44
June	91.82	91.87	91.78	92.24
Sept.	91.59	91.64	91.49	92.03
Dec.	91.39	91.44	91.42	91.82
March	91.20	—	—	91.63

Estimated volume 19,927 (21,347)
Previous day's open int. 28,395 (27,347)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
June	92-25	93-13	91-05	94-12
Sept.	91-23	—	—	93-10

Estimated Volume 13,127, (4,847)
Previous day's open int. 5,347, (5,650)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
June	92-05	92-12	91-02	93-30
Sept.	91-05	91-11	90-00	92-30
Dec.	90-08	90-10	89-05	92-00
Mar.	89-10	89-14	88-18	91-03
June	88-11	88-15	87-31	90-09
Sept.	—	—	—	89-17
Dec.	86-17	86-30	86-17	88-28
Mar.	—	—	—	88-08
June	—	—	—	—
Sept.	—	—	—	87-08
Dec.	84-10	85-10	84-10	86-18

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
June	93.73	93.88	93.68	93.92
Sept.	93.53	93.70	93.46	93.77
Dec.	93.35	93.52	93.26	93.61
Mar.	93.12	93.37	93.10	93.44
June	—	—	—	—
Sept.	—	—	—	—
Dec.	92.53	92.53	92.53	92.91
Mar.	92.45	92.63	92.40	92.74

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
June	0.6773	0.6790	0.6730	0.6715
Sep.	0.6822	0.6845	0.6780	0.6762
Dec.	0.6870	0.6875	0.6850	0.6809
Mar.	—	—	—	0.6855

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
June	0.7126	0.7161	0.7097	0.7044
Sept.	0.7175	0.7224	0.7155	0.7096
Dec.	0.7250	0.7265	0.7210	0.7149
Mar.	—	—	—	0.7203
June	—	—	—	0.7258

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
June	0.5581	0.5597	0.5570	0.5557
Sept.	0.5629	0.5647	0.5614	0.5598
Dec.	0.5680	0.5680	0.5673	0.5640

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
June	92.74	92.89	92.62	92.94
Sept.	92.46	92.66	92.31	92.72
Dec.	92.22	92.46	92.09	92.53
Mar.	91.98	92.23	91.88	92.32
June	91.71	92.00	91.67	92.11
Sept.	91.48	91.78	91.45	91.89
Dec.	91.29	91.57	91.27	91.68
Mar.	91.09	91.35	91.06	91.48

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
June	282.50	283.65	280.00	284.55
Sept.	284.20	285.55	281.50	286.55
Dec.	285.50	287.20	284.50	288.10
Mar.	287.30	—	286.50	289.80

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6325	1.6283	1.6219	1.6127	1.6000

IMM—STERLING Se per £

	Latest	High	Low	Prev
June	—	1.6275	1.6205	1.6165
Sept.	1.6155	1.6190	1.6105	1.6060
Dec.	1.6105	1.6105	1.6105	1.5990
Mar.	—	—	—	1.5910

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.6235	1.6205	1.6190	1.6175
Sept.	1.6140	—	—	1.6070
Dec.	1.6070	—	—	1.6000

Estimated volume 19 (10)
Previous day's open int 232 (222)

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Düsseldorf Westdeutsche Landesbank, Head Office, P.O. Box 1128 4000 Düsseldorf 1, International Bond Trading and Sales: Telephone (211) 826 3122/826 3741, Telex 8581881/8581882

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Luxembourg WestLB International S.A., 32-34, boulevard Grande-Duchesse Charlotte, Luxembourg, Telephone (352) 44741-43, Telex 1678

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Public Notices

SEATAB CHARTERING LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 93 of the Insolvency Act 1986, that a meeting of the creditors of the above-named company will be held at Sherlock Holmes Hotel, Baker Street, London, W1, on April 24 1987 at 12.00 noon for the purposes mentioned in sections 99 to 101 of the said Act.

A list of names and addresses of the company's creditors will be available for inspection free of charge at Regency House, 1-4 Warwick Street, London, W1, during the two business days preceding the above meeting.

By Order of the Board,
S. M. BATES,
Secretary.

Dated: April 10 1987.

Legal Notices

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVERS

Name of company: WARDPOWER LIMITED
Registered No: 1794896
Trading name: Wardpower Limited
Name and address of joint administrative receivers: DAVID JOHN STOKES and CHRISTOPHER JOHN HUGHES
Cork Gully
34 Cross Burgess Street
Sheffield S1 1QA
Date of appointment: 3 April 1987
Name of appointer: National Westminster Bank PLC.

Personal

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MONEY MARKETS

Little change

INTEREST RATES remained steady in London yesterday, showing little reaction to the US trade figures, in spite of fears that dollar weakness will result in higher US rates.

Three-month interbank was 9¹³⁄₁₆-9⅞ per cent, before publication of the trade figurs, but then rose to 10-9⅞ per cent, unchanged from Monday, before settling back to 9¹³⁄₁₆-9⅞ again at the close.

The Bank of England initially forecast a money market shortage of £200m, but revised this to £250m at noon, and to £300m in the afternoon. Total help provided was £223m.

UK clearing bank base lending rate 10 per cent since March 18-19

Before lunch the authorities bought £120m bills outright, by way of £14m bank bills in band 2 at 9¹³⁄₁₆ per cent; £49m bank bills in band 3 at 9¾ per cent; and £57m bank bills in band 4 at 9¹¹⁄₁₆ per cent.

In the afternoon another £103m bills were purchased, through £21m bank bills in band 1 at 9⅞ per cent and £82m bank bills in band 2 at 9¹³⁄₁₆ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £410m, with a rise in the note circulation absorbing £70m. These outweighed Exchequer transactions adding £260m to liquidity and bank balances above target of £15m.

In Frankfurt the money market remained adequately supplied with funds. Conditions were quiet, with call money steady at 3.70 per cent. The Bundesbank offered a securities repurchase agreement tender, at an unchanged rate of 3.80 per cent, giving no indication of an early cut in the West German discount rate.

The D-Mark has not been the subject of the same upward pressure as the yen recently. Since the beginning of the year the D-Mark has fallen to around Y78.50 from Y82.50, and at present the German currency is dormant within the European Monetary System, well below the French franc.

This is mainly because speculative money moving out of the dollar has been attracted to Tokyo rather than Frankfurt. The dollar has fallen to record lows against the yen, but has remained above the 6½-year touched against the D-Mark at the end of January. Share prices in Tokyo rose a record amount yesterday, largely on money reinvested from the US bond market.

Apart from calls by the US for West Germany to expand economic growth, there is no pressure on the Bundesbank to cut its discount rate at present.

The Bundesbank council meets tomorrow and is likely to leave credit policies unchanged.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 14) 3 months U.S. dollars		6 months U.S. dollars	
bid 7¹⁄₁₆	offer 7³⁄₁₆	bid 7¼	offer 7⅜

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	7¾
Broker loan rate	7½-7½
Fed. funds	6⅜
Fed funds at intervention	6⅝

Treasury Bills and Bonds

One month	5.96	Three year	7.50
Two month	6.09	Four year	7.69
Three month	6.27	Five year	7.79
Six month	6.49	Seven year	7.96
One year	6.75	10 year	8.15
Two year	7.19	30 year	8.34

Apr. 14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.65-3.75	3.75-3.85	3.75-3.85	3.75-3.90	3.80-3.95	5.0
Paris	8¼-8⅜	7⅞-8	7⅞-8	7⅞-8	7⅞-8	7¾
Zurich	⅞-1¼	3⅛-3¼	—	3⅛-3⅜	—	—
Amsterdam	5⅛-5¼	5⅜-5½	—	5⅜-5½	—	—
Tokyo	3.53125	3.84375	—	3.68750	—	—
Milan	10⅛-10⅝	9⅞-10⅛	—	10-10⅛	—	—
Brussels	7.15	7⅛-7⅜	—	7⅛-7⅜	—	—
Dublin	12⅛-12⅜	12⅛-12⅜	12⅛-12½	12⅛-12⅜	11⅞-11⅞	—

LONDON MONEY RATES

Apr. 14	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10½-8	9¹³⁄₁₆-9⅝	10-9¹³⁄₁₆	10-9⅞	9¹³⁄₁₆-9⅝	9⅝-9¹³⁄₁₆
Sterling CDs	—	—	9⅞-9⅝	9⅞-9⅝	9⅝-9½	9⅝-9½
Local Authority Deposits	9½	9⅝	9¹³⁄₁₆	9¾	9⅝	9¾
Local Authority Bonds	—	—	10⅛	10	9⅞	9¹³⁄₁₆
Discount M'ket Deposits	10-9	9⅝	9⅞	9⅞	—	—
Company Deposits	10	10⅛	10⅛-9¹³⁄₁₆	9¹³⁄₁₆	9¹³⁄₁₆	9⅞
Finance House Deposits	—	—	10	9¹³⁄₁₆	9¹³⁄₁₆	9¹³⁄₁₆
Treasury Bills (Buy)	—	—	9⅝	9¹¹⁄₁₆	—	—
Bank Bills (Buy)	—	—	9¹³⁄₁₆	9⅞	9⅝	—
Fine Trade Bills (Buy)	—	—	10⅛	10⅛	10	—
Dollar CDs	—	—	6.90-6.85	7.05-7.00	7.15-7.10	7.35-7.30
SDR Linked Deposits	—	—	6⅛-6	6⅛-6	6⅛-6⅛	6⅜-6¼
ECU Linked Deposits	—	—	7-6⅞	7⅛-6¹⁵⁄₁₆	7⅛-7	7⅜-7⅛

Treasury Bills (sell); one-month 9¹¹⁄₁₆ per cent; three-months 9½ per cent; Bank Bills (sell): one-month 9¹³⁄₁₆ per cent; three months 9¹³⁄₁₆ per cent; Treasury Bills; Average tender rate of discount 9.5661 p.c. ECGD Fixed Finance Scheme IV reference date February 28 to March 31 (inclusive): 10.053 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from April 1, 1987: Bank Deposit Rates for sums at seven days' notice 5 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8 per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9 per cent, nine-12 months 9 per cent; Under £100,000 8 per cent from March 28. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

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15 April, 1987

National Australia Bank Limited

(Incorporated with limited liability in the State of Victoria, Australia)

A$40,000,000
15 per cent. Notes Due 1990

Issue Price 101¾%

The following have agreed to subscribe or procure subscribers for the above Notes:

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Dresdner Bank Aktiengesellschaft

Security Pacific Hoare Govett Limited

Swiss Bank Corporation International Limited

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Banque Internationale à Luxembourg S.A. | Banque Paribas Capital Markets Limited
County NatWest Capital Markets Limited | Credit Suisse First Boston Limited
Deutsche Bank Capital Markets Limited | Fay, Richwhite (U.K.) Limited
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Application has been made to the Council of The Stock Exchange in London for Notes in the denomination of A$1,000 and A$10,000 constituting the above issue to be admitted to the Official List.

Interest is payable annually in arrear on 24th April in each year, the first such payment being made on 24th April, 1988.

Particulars of the Notes and the Issuer are available in the Extel Statistical Service. Copies of the listing particulars relating to the Notes may be obtained during normal business hours up to and including 21st April, 1987 from the Company Announcements Office of The Stock Exchange and up to and including 29th April, 1987 from:–

Orion Royal Bank Limited, 1 London Wall, London EC2Y 5JX

and

Rowe & Pitman Ltd., 1 Finsbury Avenue, London EC2M 2PA

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY APRIL 14 1987					DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	1987 High	1987 Low	Year ago (approx)
Australia (94)	133.07	−0.6	120.85	122.54	2.85	133.89	99.92	91.23
Austria (16)	93.21	−0.4	84.65	87.25	2.13	101.62	91.97	78.97
Belgium (47)	119.50	−0.7	108.52	110.51	4.23	120.40	96.19	75.11
Canada (131)	129.84	−2.9	117.92	123.97	2.27	136.17	100.00	99.16
Denmark (39)	113.38	−0.1	102.97	104.82	2.40	124.10	98.18	104.03
France (122)	117.39	−0.2	106.61	110.44	2.37	120.79	98.39	83.52
West Germany (90)	92.23	+1.2	83.76	86.41	2.15	100.33	84.00	90.09
Hong Kong (45)	105.28	−1.7	95.61	105.48	3.26	114.71	96.89	71.24
Ireland (14)	115.61	−2.3	104.99	109.91	3.86	131.44	99.50	89.72
Italy (76)	106.52	+1.7	96.74	102.22	1.59	106.52	94.76	79.32
Japan (458)	152.70	+5.3	138.68	136.20	0.47	152.70	100.00	67.92
Malaysia (36)	145.60	+1.1	132.23	138.56	2.75	145.60	98.24	70.26
Mexico (14)	155.36	−0.6	141.09	195.43	1.04	157.12	99.72	54.45
Netherland (38)	113.91	−1.6	103.45	105.70	4.17	118.24	99.65	84.90
New Zealand (27)	96.35	+0.0	87.51	88.13	3.07	100.59	83.93	65.10
Norway (25)	130.89	−0.6	118.87	119.97	1.97	131.74	100.00	102.76
Singapore (27)	121.52	−0.3	110.36	119.44	2.00	122.51	99.29	55.94
South Africa (61)	184.14	+0.4	167.23	119.27	3.33	184.14	100.00	102.96
Spain (43)	115.98	+0.1	105.33	111.36	3.24	121.31	100.00	73.28
Sweden (33)	115.49	+0.0	104.88	107.54	2.13	117.26	90.85	88.62
Switzerland (51)	97.88	+0.7	88.89	90.11	1.87	104.06	93.26	80.73
United Kingdom (342)	126.25	+0.0	114.65	114.65	3.72	133.88	99.65	98.01
USA (598)	114.40	−2.4	103.89	114.40	3.25	124.06	100.00	99.92
Europe (936)	113.09	+0.2	102.71	104.57	3.00	115.20	99.78	89.66
Pacific Basin (687)	150.19	+4.9	136.40	134.55	0.62	150.19	100.00	68.77
Euro-Pacific (1623)	135.39	+3.3	122.95	122.62	1.42	135.39	100.00	77.00
North America (729)	115.21	−2.5	104.63	114.94	3.19	124.60	100.00	99.89
World Ex. US (1829)	135.72	+3.0	123.26	122.74	1.47	135.72	100.00	78.05
World Ex. UK (2085)	127.50	+1.1	115.80	120.34	1.94	127.90	100.00	85.57
World Ex. So. Af. (2366)	127.02	+1.0	115.36	119.77	2.09	127.52	100.00	86.53
World Ex. Japan (1969)	115.36	−1.5	104.76	111.55	3.12	121.08	100.00	95.58
The World Index (2427)	127.38	+1.0	115.69	119.80	2.10	127.87	100.00	86.63

Base values: Dec 31, 1986 = 100

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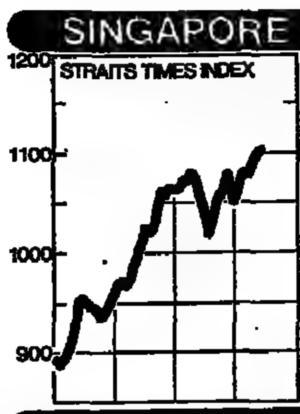
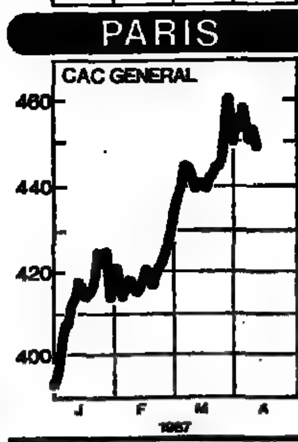
SINGAPORE



PARIS



EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$390	22	55	—	—	—	—	$444.40
GOLD C	$400	294	46	25	54	3	65	"
GOLD C	$420	867	28	342	39.50	100	46	"
GOLD C	$440	1084	15.60	214	27.90	11	36	"
GOLD C	$460	365	7.60	198	19.50	251	28	"
GOLD C	$480	166	3.90	—	—	—	—	"
GOLD P	$360	190	0.10	—	—	—	—	"
GOLD P	$370	—	—	—	—	300	1.40	"
GOLD P	$380	—	—	5	1	105	3	"
GOLD P	$400	19	1	20	3	110	8.50B	"
GOLD P	$420	160	2.80	71	8	6	11.90	"
GOLD P	$440	241	8.50	61	16	200	17	"
GOLD P	$460	—	—	6	27	250	30	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$600	28	120	10	125B	30	130A	$708
SILVER C	$650	25	65	—	—	—	—	"
SILVER C	$700	75	44	21	65	104	75	"
		Apr 87		May 87		Jun 87		
$/Fl C	Fl.195	300	8.50	—	—	—	—	Fl.203.15
$/Fl C	Fl.200	—	—	80	4.60	217	6	"
$/Fl C	Fl.205	284	0.80	44	2.20	84	3.10	"
$/Fl P	Fl.195	133	0.20	—	—	32	1.70	"
$/Fl P	Fl.200	132	0.70	241	2.30	92	3.10A	"
$/Fl P	Fl.205	91	2.50	7	3.80	19	5.80	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.195	—	—	—	—	55	11.80	Fl.203.15
$/Fl C	Fl.200	15	7	3	8.50A	9	9.20	"
$/Fl C	Fl.205	5	4.10	—	—	7	7.40	"
$/Fl C	Fl.220	61	1.30A	—	—	—	—	"
$/Fl C	Fl.225	—	—	25	1.60	—	—	"
$/Fl P	Fl.195	5	3.50	—	—	—	—	"
$/Fl P	Fl.210	328	11.70	—	—	—	—	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.520	183	3.80	109	19.50	11	24	Fl.512
ABN P	Fl.500	171	3.30	17	18	7	26	"
AEGON C	Fl.95	174	0.20	47	3.60	24	5.90	Fl.90.60
AEGON P	Fl.90	19	0.80	255	4.50	20	65	"
AHOLD C	Fl.105	109	3.50	3	7.50	—	—	Fl.107.50
AHOLD P	Fl.95	5	0.10	—	—	200	1.70	"
AKZO C	Fl.140	241	0.30	171	3.50	68	6	Fl.135
AKZO P	Fl.140	500	5.20	186	11.50	8	12.10B	"
AMEV C	Fl.70	3	0.30	142	2	41	3.30	Fl.65
AMEV P	Fl.70	47	5.50B	42	7B	12	8.50	"
AMRO C	Fl.85	101	0.10	159	2.30	30	4	Fl.80.50
AMRO P	Fl.90	158	11.50	25	11	78	12.10	"
ELSEVIER C	Fl.230	60	6	21	14.50	20	20	Fl.255
ELSEVIER P	Fl.220	—	—	—	—	99	3	"
GIST-BROC. C	Fl.45	67	0.40	90	2.30	10	3.50	Fl.44.20
GIST-BROC. P	Fl.45	143	1.40	117	3.50	2	4B	"
HEINEKEN C	Fl.160	183	14.70	4	16	—	—	Fl.175
HEINEKEN P	Fl.170	27	0.50	162	3	6	6.90	"
HOOGOVENS C	Fl.30	145	4	—	—	—	—	Fl.34.40
HOOGOVENS P	Fl.35	260	1.20	99	4	18	5	"
KLM C	Fl.40	232	0.60	44	3	111	4	Fl.39.80
KLM P	Fl.40	126	0.70	126	2.50	137	4.20	"
NED. LLOYD C	Fl.180	24	0.80	5	4.50	24	7.50	173
NED. LLOYD P	Fl.170	45	2.50	4	11	—	—	"
NAT. NED C	Fl.80	—	—	390	1.80	37	2.50	Fl.73
NAT. NED. P	Fl.70	10	0.30	175	2.40B	8	3.80A	"
PHILIPS C	Fl.50	1549	1.10	560	3.70A	187	5.20	Fl.50.60
PHILIPS P	Fl.50	415	0.70	393	2.10	196	3	"
ROYAL DUTCH C	Fl.250	1056	0.90	1212	4	99	6.60	Fl.240.50
ROYAL DUTCH P	Fl.230	386	0.70	1157	9.40	81	9.70	"
ROBECO P	Fl.95	50	0.10	—	—	—	—	Fl.99.40
UNILEVER C	Fl.580	320	6.10	98	20	52	30.50	Fl.576.50
UNILEVER P	Fl.580	432	8.50	91	25	55	30	"

TOTAL VOLUME IN CONTRACTS: 46,506

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	● Morgan Grenfell	10
Adam & Company	10	Citibank NA	10	Mat Credit Corp. Ltd	10
Allied Arab Bk Ltd	10	Citibank Savings	¶12.45	Nat Bk. of Kuwait	10
Allied Dunbar & Co.	10	City Merchants Bank	10	National Girobank	10
Allied Irish Bank	10	Clydesdale Bank	10	Nat Westminster	10
American Exp. Bk	10	Comm. Bk. N. East	10	Northern Bank Ltd	10
Amro Bank	10	Consolidated Cred	10	† Norwich Gen. Trust	10
Henry Ansbacher	10	★ Co-operative Bank	10	PK Finans. Intl (UK)	10½
ANZ Banking Group	10	Cyprus Popular Bk	10	Provincial Trust Ltd	11
Associates Cap Corp	11	Duncan Lawrie	10	R. Raphael & Sons	10
Authority & Co Ltd	10½	E.T. Trust	11	Roxburghe G'rantee	10½
Banco de Bilbao	10	Equator'l Tst C'p plc	10	Royal Bk of Scotland	10
Bank Hapoalim	10	Exeter Trust Ltd	10½	Royal Trust Bank	10
Bank Leumi (UK)	10	Financial & Gen. Sec	10	Smith & Williamson Secs	10
Bank Credit & Comm	10	First Nat. Fin. Corp	11	Standard Chartered	10
Bank of Cyprus	10	First Nat. Sec. Ltd	11	Trustee Savings Bank	10
Bank of Ireland	10	● Robert Fleming & Co	10	UDT Mortgage Exp.	¶11.1
Bank of India	10	Robert Fraser & Ptrs	11½	United Bk of Kuwait	10
Bank of Scotland	10	Grindlays Bank	‡10	United Mizrahi Bank	10
Banque Belge Ltd	10	● Guinness Mahon	10	Unity Trust PLC	9½
Barclays Bank	10	HFC Trust & Savings	10	Westpac B'nking Corp	10
Benchmark Tst Ltd	10	● Hambros Bank	10	Whiteaway Laidlaw	10½
Beneficial Trust Ltd	11	Heritable & Gen. Tst	10	Yorkshire Bank	10
Berliner Bank AG	10	● Hill Samuel	§10		
Brit. Bk. of Mid. East	10	C. Hoare & Co	10		
● Brown Shipley	10	Hongkong & Shangh'	10		
Business Mortgage Tst	10	Lloyds Bank	10		
CL Bank Nederland	10	Meghraj Westpac Ltd	10		
Canada Permanent	10	Meghraj & Sons Ltd	10		
Cayzer Ltd	10	Midland Bank	10		

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Contents

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2 How gilt-edged stocks work
3 Equities give you a piece of the action
4 How to buy and sell stocks and shares
5 Earnings and dividends — and how to measure them
6 Understanding company accounts
7 Putting the figures to work
8 Movements in markets
9 Building a portfolio
10 Manufacturing companies: the problem areas
11 Success among the retailers
12 Banking and insurance
13 Investment trusts offer a spread
14 How to evaluate property companies
15 Understanding the oil market
16 Thrills and spills in mining shares
17 Overseas trading companies
18 Investing abroad: high risks for high rewards
19 What scrip issues are all about
20 When a company makes a rights issue — the shareholder's sums
21 Thrills and spills of the takeover
22 New issues — how companies get a quote
23 More about gilts — and other fixed interest stocks
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26 Insurance-linked investment — the pros and cons
27 Using charts and other investment systems
28 Your broker and your shares
29 Approaching the investment tax sums
30 Share issues and gains tax
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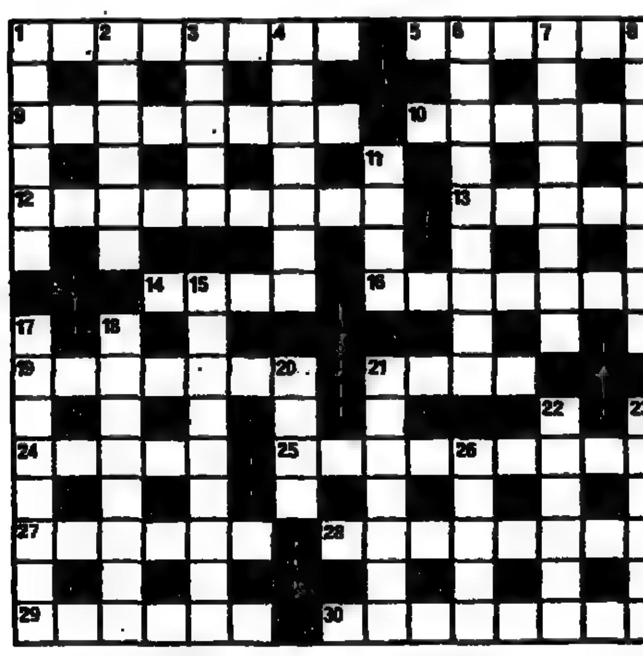
FT

FT CROSSWORD PUZZLE No. 6,304

DANTE



ACROSS

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5 Start to impress the opposite sex (3,3)
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10 Association distributing claret (6)
12 Eternal pursuit of the happy ending (4, 5)
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14 Young bird lacking the knowledge to be fashionable (4)
16 Clearly out of this world (7)
19 Answers which may be dispensed with (7)
21 Is such a championship never close? (4)
24 A topping decoration (5)
25 How one takes a pawn, by the way (3, 7)
27 Write down some music? Not a note! (6)
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1 Withheld payment in harbour (6)
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4 Wandering man about desert (7)
6 Oriental girl is carried shoulder high (9)
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11 Available, if the price is about right (4)
15 Present, later the future (9)
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18 Pinch your old-fashioned secret (8)
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22 They involve a shift in one's beliefs (6)
23 Room for artists at Broadcasting House? (6)
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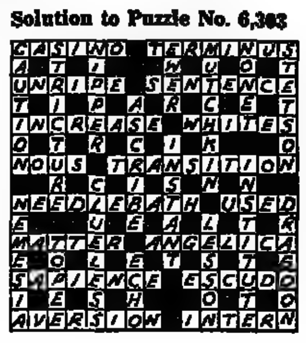
Solution to Puzzle No. 6,303



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
80 Holdenhurst Rd, Bournemouth				0345 717373
[illegible]				

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc.	268.8	285.9xd	-0.5	5.06
(Accum Units)	333.2	354.5	-0.5	5.06
UK Growth	330.6	351.6xd	-2.1	2.64
(Accum Units)	352.2	374.6	-2.2	2.64

MLA Unit Trust Management
1 Seimens Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tst.	39.2	41.6		1.79
MLA Income Trust	53.5	56.7	-0.2	3.96
MLA Intl.	60.0	63.4xd	-0.3	0.85
MLA Gilt Unit Tst.	24.9	25.6	-0.2	10.15
MLA European Trust	35.8	37.0xd	.....	0.67
MLA American Tst.	27.1	28.7	-0.7	0.87
MLA Emerging Mkts. Tst.	24.0	25.4	-0.2	0.70

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt & Fxd Int.	119.4	123.6xd	.....	7.06
Growth Units	98.7	104.9	.....	2.56
High Income Unit	137.8	146.4xd	.....	3.86
High Yielding Gilt Uts	61.2	63.6	.....	8.00
Intl Growth Unit Tst.	156.1	165.9	.....	0.33
UK Smaller Cos.	107.4	114.2	.....	1.59
North American	84.9	90.2	.....	0.40
Far East	130.3	138.5	.....	0.02

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income April 13	296.0	314.9xd	.....	5.56
General April 13	281.8	296.7xd	.....	1.99
International April 13	155.0	164.9xd	.....	0.64
Global Inc Fd April 13	48.6	51.7xd	.....	5.86

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	297.4	317.4	-4.0	0.97
Income	218.0	232.2xd	-0.6	3.71
Worldwide Recovery	164.2	175.3	-2.3	1.63
American Growth	73.9	78.9	-1.7	0.89
Intl. Emerging Cos.	91.6	97.9	-0.9	0.49
Far East Growth Fd.	96.3	102.9	+0.1	0.76
European Growth Fd.	64.5	68.4	-0.2	1.08

Prolific Unit Trust Managers Limited
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	39.7	42.5	-0.9	3.80
Prolific C'vert & Gilt	115.8	121.7	-0.6	4.78
Prolific Euro Gth & In	51.1	54.8	.....	2.61
Prolific Extra Inc.	115.3	121.0	-0.1	3.63
Prolific Far East	210.2	224.9xd	+2.9	.....
Prolific High Inc.	77.6	83.0	-0.3	5.35
Prolific Intl.	144.5	153.9xd	-1.2	2.80
Prolific N. Amer.	132.8	142.1xd	-2.8	—
Prolific Spec. Sits.	93.5	100.0	-0.8	0.85
Prolific Technology	148.3	158.2	-0.4	—

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	98.3	104.6xd	+1.9	0.00
Japan Acc.	98.5	104.8	+1.8	0.00
Worldwide Inc.	76.3	81.3xd	-0.7	1.10
Worldwide Acc.	78.1	82.7	-0.8	1.10
European Tst. Inc.	94.9	101.0	-0.9	0.34
European Tst. Acc.	95.5	101.7	-0.9	0.34
North American Inc.	64.1	68.2	-1.8	1.25
North American Acc.	64.9	69.1	-1.8	1.25
UK Equity Inc.	78.1	83.1	-0.5	1.97
UK Equity Acc.	81.6	86.9	-0.6	1.97
UK High Inc. Eqty Inc.	57.6	61.3	-0.1	4.98
UK High Inc. Eqty Acc.	58.7	62.5	-0.1	4.98
Hong Kong Trust	44.1	46.7	-0.8	0.38
Swiss Equities Trust	45.6	48.3	-0.2	1.90

INSURANCES

Contd. on next Page

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.
Pensions Funds

American (Cap)	315.4	331.3	-9.7	—
American (Acc)	438.9	461.0	-13.1	—
Building Soc (Cap)	93.9	98.6	-0.1	—
Building Soc (Acc)	130.6	137.2	...	—
Deposit (Cap)	154.0	161.8	-0.1	—
Deposit (Acc)	214.3	225.1	...	—
European (Cap)	140.1	147.2	-0.3	—
European (Acc)	195.0	204.8	-0.3	—
Equity (Cap)	377.4	396.4	-6.9	—
Equity (Acc)	524.7	551.3	-9.1	—
Gilt (Cap)	240.5	252.7	...	—
Gilt (Acc)	334.7	351.5	+0.2	—
Gold (Cap)	118.5	124.5	+1.7	—
Gold (Acc)	164.8	173.2	+2.4	—
Index-Linked (Cap)	95.2	100.1	...	—
Index-Lnkd Gilt (Acc)	132.5	139.2	...	—
International (Cap)	108.3	113.8	-0.6	—
International (Acc)	150.7	158.3	-0.7	—
Japan Inc (Cap)	101.8	107.0	-3.0	—
Jap Inc (Acc)	141.7	148.9	-3.9	—
Japan (Cap)	141.8	149.0	+2.4	—
Japan (Acc)	197.3	207.2	+3.4	—
Managed (Cap)	300.7	315.8	-4.8	—
Managed (Acc)	418.4	439.5	-6.3	—
PPP Fund (Cap)	287.9	302.4	-3.5	—
PPP Fund (Acc)	400.5	420.7	-4.5	—
Pacific (Cap)	257.3	270.2	-1.0	—
Pacific (Acc)	357.9	375.9	-1.3	—
Property (Cap)	132.2	138.9	...	—
Property (Acc)	184.0	193.3	+0.2	—
Recovery (Cap)	184.8	194.2	-1.6	—
Recovery (Acc)	257.2	270.3	-2.0	—
UK Income (Cap)	108.1	113.6	+0.6	—
UK Income (Acc)	150.5	158.1	+1.0	—
Personal Pension (Acc)		1605.7	-17.3	—

MGM Assurance
MGM House, Heene Rd, Worthing 0903 204631

UK Equity	209.9	221.0	-0.7	—
Do. Accum	234.6	247.0	-0.7	—
Special Situations	191.2	201.3	-1.3	—
Do. Accum	213.4	224.7	-1.5	—
North American	180.3	189.8	-4.0	—
Do. Accum	201.2	211.8	-4.5	—
Pacific Basin	320.8	337.7	+7.3	—
Do. Accum	358.2	377.1	+8.1	—
Fixed Interest	211.9	223.1	-1.3	—
Do. Accum	236.7	249.2	-1.5	—
Property	117.1	123.3	...	—
Do. Accum	130.9	137.8	...	—
Deposit	112.2	118.2	...	—
Do. Accum	125.3	131.9	...	—
Managed	202.5	213.2	-1.3	—
Do. Accum	227.9	239.9	-1.2	—

Pension Funds

National Mutual Life
5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	188.4	198.4	—	—
Managed Prospect Fund	146.8	154.6	—	—
UK Equity Fd	221.0	232.7	—	—
Fixed Interest	148.2	156.1	—	—
Pacific	186.2	196.1	—	—
North American	116.8	123.0	—	—
Pens. Managed	219.2	230.8	—	—
Pens. UK Equity	259.8	273.5	—	—
Pens. Overseas Equity	297.1	312.8	—	—
Pens. Property	116.9	123.1	—	—
Pens. Fixed Interest	158.1	166.5	—	—
Pens. Index Linked	124.5	131.1	—	—
Pens. Deposit	142.4	149.9	—	—
P.R.P. UK Equity	112.2	118.2	—	—
P.R.P. Overseas Equity	105.1	110.7	—	—
P.R.P. Fixed Interest	106.8	112.5	—	—
P.R.P. Property	96.2	101.3	—	—
P.R.P. Index Linked	111.8	117.7	—	—
P.R.P. Deposit	97.6	102.8	—	—
P.R.P. Managed	109.2	115.0	—	—
P.R.P. With Profits	97.9	103.1	—	—

National Mutual of Australasia
Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	132.37	139.33	—	—
Guaranteed Deposit	117.56	123.74	—	—
International	170.56	179.53	—	—
Managed	144.11	151.69	—	—
Property	130.73	137.61	—	—
UK Equities	177.49	186.83	—	—
Pens Fixed Interest	124.28	130.82	—	—
Pens Grtd Deposit	118.06	124.27	—	—
Pens International	186.28	196.08	—	—
Pens Managed	153.08	161.13	—	—
Pens Property	143.27	150.81	—	—
Pens UK Equities	154.93	163.08	—	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	282.4	297.3	-1.4	—
UK Equity	355.9	374.7	-0.8	—
Overseas Eq.	284.7	299.7	-1.5	—
American	236.7	249.2	-4.5	—
Far East	334.7	352.4	+8.1	—
Property	133.4	140.5	+0.3	—
Fixed Int	204.6	215.4	-1.7	—
Indexed Gilt	118.9	125.2	-1.7	—
Deposit	132.2	139.2	...	—

Pension Fund Prices

Man. Initial	296.6	312.3	-1.9	—
Man Acc.	356.1	374.9	-2.3	—
UK Eq. Initial	357.9	376.8	-1.3	—
UK Eq.	419.5	441.6	-1.5	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

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AMERICANS

[illegible]

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Money Market Bank Accounts

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Money Market Trust Funds

[illegible]

UNIT TRUST NOTES

[illegible]

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30⅞	23	Sara Lee $1	27⅝xd	–¼	$2.00	—	4.7
11⅞	10⅛	Saul (B. F.) $1	10⅛xd	–⅛	20c	—	1.2
79	72	Southwestern Bell $1	64⅛xd	–2⅛	$6.96	—	7.0
17⅝	15⅛	Staley Continental	16½	.....	80c	—	3.1
44⅞	36⅛	Sun Co. Inc. $1	40⅛xd	–1⅜	$3.00	—	4.8
74	57⅛	TRW Inc. $1¼	61⅜xd	–1½	$3.20	—	3.4
31	25⅞	Tenneco $5	29⅛	–⅞	$3.04	—	6.8
187½	149½	Do. 10pcLn.Stk. 91-5	185½xd	–2	10%	—	15.5
26¼	17⅛	Texaco $6.25	17⅜xd	–2⅛	$3.00	—	11.1
57⅞	47⅛	Time Inc. $1	53⅞	–1⅛	$1.00	—	1.2
14½	11½	Tracor $0.33	12¼	.....	36c	—	1.9
24⅝	20⅝	Transamerica $1	20¼xd	–⅛	$1.76	—	5.5
11	967p	Transworld Corp $5	10¼	–⅛	20c	—	1.3
41⅛	29⅛	Trinova Corp.	37⅞	–1⅞	$1.40	—	2.4
17⅝	15⅛	♦USX $1	17⅛	.....	$1.20	—	4.5
18¼	15⅛	Union Carbide $1	17⅜	–⅛	$1.50	—	5.6
35⅞	30¼	Utd. Technologies	29¼	–¼	$1.40	—	3.1
38⅝	33⅝	US West	31xd	–¼	$3.28	—	6.9
33⅞	26	♦Woolworth $3½	30⅝	–⅛	$1.12	—	2.4

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

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[illegible]

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[illegible]

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[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
323	305	PWS Holdings 10p	311	–2	9.25	2.9	4.2	11.6
386	376	Pearl Group 5p	362	+2	8.8	—	3.4	—
950	804	Prudential	808xd	–12	29.0	—	5.1	—
499	433	Refuge 5p	448	.....	15.75	—	5.0	—
£10⅝	847	Royal	901	–14	31.0	—	4.8	—
343	288	Sedgwick Group 10p	298	–5	12.0	1.7	5.8	12.4
295	207	Steel Burrill J.10p	235xd	+3	9.0	2.0	5.4	13.1
505	448	Stewart Wr. 20p	427	–12	13.0	2.0	4.4	14.9
450	420	Sturge Hldgs 20p	383xd	.....	6.0	2.5	2.2	25.1
834	645	Sun Alliance	820	–3	23.5	—	4.1	—
£11¼	929	Sun Life 5p	£10⅞xd	.....	28.5	—	3.7	—
£66½	£39	Taisho M EDR	£66½	+7½	Q10%	—	0.6	—
£21⅞	£18	Torchmark $1.00	£17⅝	–⅝	Q60c	—	2.2	—
335	295	Trade Indemnity	325xd	–5	4.3	—	1.9	—
£34	£27⅞	Travelers $1.25	£27⅝	–1¼	$2.28	—	5.4	—
£32½	£25⅝	USLIFE Corp. $1.0	£25¼	–¾	Q$1.20	3.2	3.1	10.1
595	555	Utd Friendly B 10p	595	.....	17.2	—	4.1	—
463	367½	Willis Faber 12½p	368	–7	10.75	♦	4.2	♦
60	45	Windsor Secs. 10p	59	+1	0.7	1.5	1.7	54.7

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
17	11½	A & M Group 10p	14	–½	0.4	2.0	4.0	17.5
76	69	A-R TV Pref. £1	76	.....	5.95	48.1	13.2	—
549	302	Anglia TV	470	–8	g11.25	3.3	3.4	13.0
165	113	Aspinall Hldgs. 10p	159	–1	6.0	1.2	5.3	21.8
87	63	Avesco 1p	85	.....	L0.5	6.6	0.8	21.8
48	40	BCE Hldgs 5p	44½	–½	d1.0	3.0	3.2	14.8
190	132	Barr & W.A.T. 'A'	188	.....	7.0	1.4	5.2	17.9
188	165	Boosey & Hawkes	175	.....	—	—	—	—
83	45	Border T.V.	61	–7	2.5	3.2	5.8	15.3
424	217	Brent Walker 10p	374	–8	8.5	♦	3.2	♦
188	110	Campari Int. 20p	164xd	.....	3.0	♦	2.6	♦
211	127	Capital Radio 10p	171	–3	5.0	1.8	4.1	18.5
674	370	Central TV	590xd	–10	17.0	♦	4.1	♦
[illegible]								

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
300	85	Miles Advertising 5p	86	–2	2.45	1.2	4.0	[illegible]
154	113	Norton Opax 10p	136	–1	4.0	2.7	4.1	[illegible]
£24½	£19⅞	Ogilvy Group $1	£20½	–⅛	Q84c	—	2.7	—
99	57	Olives Paper 20p	82	.....	—	—	—	—
336	296	Osborne & Little 5p	335	.....	3.0	4.5	1.3	[illegible]
80	53	Ogilvy Communications	80	.....	1.25	1.0	2.2	[illegible]
160	110	Peters (Michael)	145xd	–1	2.6	2.4	2.5	[illegible]
679	535	Saatchi 10p	654xd	–5	b12.14	2.2	2.6	[illegible]
138½	112½	Do. 6.3pcCnvPrefE1	129½	–1	6.3%	—	6.9	—
595	412½	St Ives 10p	595	+45	4.5	4.8	1.1	[illegible]
£52⅝	£41⅞	Scott Paper	£45½	–½	Q$1.12	—	1.6	—
485	333	Shorewick 2p	485	.....	4.22	4.0	1.2	[illegible]
305	248	Smith (David S.) 20p	298	–3	4.2	3.0	2.0	[illegible]
483	313	Smurfit (Jefferson)	418	–15	Q20.2%	3.4	1.1	[illegible]
103	81	Space Planning Servs	81	.....	1.2	2.9	2.1	[illegible]
92	85	Sterling Publishing 5	93	+2	2.0	2.2	3.0	[illegible]
156	115	TMD Advertising	156	+6	2.0	3.7	1.8	[illegible]
91	63	Thorpac Group 2½p	75	–3	0.85	2.6	1.6	[illegible]
305	193	Trade Promotion 10p	285	.....	4.35	2.4	2.1	[illegible]
263	199	Usher Walker 10p	260	.....	7.3	2.9	4.0	[illegible]
202	150	Valin Pollen Int 5p	185	–5	1.5	5.9	1.1	[illegible]
669	515	WCRS Grp 10p	664	–2	4.25	5.3	0.9	[illegible]
985	698	WPP Group 10p	932	–1	3.2	♦	0.5	♦
123	69	Wace Group 20p	112	–3	—	—	—	[illegible]
255	190	Waddington (J.)	233	–2	5.2	2.1	3.1	[illegible]
435	308	Watmoughs	435	.....	7.8	2.3	2.5	[illegible]
215	165	Wiley Mackay-Leask 10p	205	–5	4.0	3.6	2.7	[illegible]
189	133	Yellowhammer 5p	172	–5	d1.6	4.3	1.3	[illegible]

PROPERTY

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
115	74	Allied London 10p	103	–3	1.75	3.0	2.4	[illegible]
193	75	Apex. Props. 10p	130	.....	0.7	4.8	0.8	[illegible]
255	185	Arlington Sec 10p	298xd	–2	2.2	4.1	1.3	[illegible]
435	340	Asda Property 20p	438	+5	3.0	2.5	1.0	[illegible]
[illegible]								

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

For York Resources see Penny Corp

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

TRADITIONAL OPTIONS

3-month call rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 6	Apr 23	Apr 24	May 5
Apr 27	May 7	May 8	May 18
May 11	May 28	May 29	Jun 8

* New time dealings may take place from 9.00 am two business days earlier.

Bonds close strongly but equities end lower after a difficult trading session

"A difficult and confusing day" in the UK securities markets ended on a hopeful note, with Government bonds higher and equities rallying, both taking their lead from the reponse of the New York markets to the US trade figures. London markets moved sharply and erratically earlier in the session, as favourable developments at home, contrasted with the implications of a sharply plunging US dollar.

The FT-SE 100 index closed 8.2 lower at 1908.9, after bouncing between a 13 point fall and a 10 point gain. The FT ordinary index fell 5.7 to 1506.7.

The equity market has fallen for ten out of the past 12 trading sessions, and yesterday's mid-session trading rally owed much to bear-closing ahead of the extended Easter weekend. Some traders, believing that the market is "overdue a rally," identified a slightly better tone yesterday. Turnover in the major stocks remained thin.

The pace was set by the gilt-edged market, which opened ½ lower on some overnight Japanese selling ahead of the US trade figures. Losses were regained at mid-morning when the latest Mori opinion poll gave the Thatcher Government a 13 point lead.

But then came the moment of decision. Although the US trade deficit, at $15.1bn for February, was at the high end of London forecasts, bond prices surged briefly, returning to the day's best levels. But the trend was abruptly reversed when the key US long-dated Federal bond plunged, and London Gilts fell by a net 1½ points within 30 minutes.

Until this stage, there had been little retail interest but the mood then turned optimistic again as the US bond bounced higher. London quickly followed suit and, spurred on by some domestic and US support, bond prices closed very near the day's best levels, with net rises of 1¼ points.

The Mori poll helped equities rally from mid-morning losses—an overnight poll in a popular newspaper was largely ignored by the City. Encouraged by bonds, the share market moved up on bear closing, only to fall back again after the US trade figures. Equities joined in the closing rally in bond market but were restrained by an initially uncertain trend in Wall Street stocks.

Clearing banks remained in the doldrums. Sentiment remained clouded by Brazilian debt uncertainties, while the threat of imminent industrial action being taken by bank staff in pursuit of a 9 per cent wage claim also deterred investment support. Lloyds, 17 down at 441p, led the retreat and NatWest closed 8 off at 540p. Bank of Scotland gave up 6 to 449p following small selling ahead of next Wednesday's preliminary figures. A Financial Times report that Mr Robert Holmes à Court's Bell Group has recently acquired a 3 per cent stake in Hill Samuel helped the latter firm 3 to 485p, after 490p; the shares have been particularly strong of late on rumours that Mr Larry Adler's FAI Insurances had sold its near-15 per cent stake in the company to a possible bidder. Another antipodean concern, NZI Corporation, also holds a near-5 per cent shareholding in HS.

Publicity given to a report by First Boston, a leading US insurance research house, suggesting the return of a price war to US commercial lines depressed Royals, with over 30 per cent of worldwide premiums in US commercial lines, and the close was 14 lower at 901p, after 900p. Other Composites gave ground in sympathy with General Accident 13 lower at 925p.

Filofax, the fashionable "personal organisation product" group, fulfilled best expectations yesterday. First-time dealings in the USM-listed stock brought an opening level of 170p, against the placing price of 120p. Early interest was good but, owing to the prevailing uncertain tone in equities, Filofax slipped back to close at 160p.

Speculation of stake-building exercises and bid possibilities fired a large business in Guinness. Volume increased to 12m shares as the shares rose to 325p before easing to close 8 up on balance at 322p. Greene King also spurted higher when a sizeable buying order exerted pressure on marketmakers' book positions. The scramble to rectify this situation subsequently touched off speculative inquiries and lifted Greene King 14 to 347p.

Trading statements created a considerable amount of interest in the Building sector. RMC rallied to 783p following satisfactory annual results and the proposed one-for-one scrip issue before settling a little below the best with a gain of 5 on the day at 778p. Taylor Woodrow, down to 315p initially on the preliminary statement, rallied to finish on the annual results and closed 19 down at 786p, but Redland firmed 5 to 425p as the company discontinued talks with regard to the acquisition of its Australian associated company Marier. BPB, however, closed 6 cheaper at 630p following the announcement that the company has completed the acquisition of Intergrips plasterboard and related gypsum interest in West Germany, Netherlands, Italy and Austria for £89.4m.

Narrow mixed price movements were the order of the day among leading Stores. Marks and Spencer moved forward to 211p in early response to a Savory Milln recommendation before reacting to clos 2 dearer at 209p. Woolworth put on 4 to 778p, but Gussies "A" cheapened ⅛ at £11¾. Elsewhere, Excalibur, in which Summit Holdings, a company owned and controlled by Mr D. S. Griffiths, holds a near-30 per cent stake, touched 70p before closing 5 better at 66p on asset injection hopes. The good annual results and accompanying bullish statement regarding current year trading helped Ward White close unaltered at 330p, after 336p, while news of the acquisition of Timpson left George Oliver "A" 10 to the good at 440p. Revived takeover speculation lifted Ladies Pride 13 to 89p, but profit-taking clipped 6 from Martin Ford, at 87p, while Wigfalls came on offer at 173p, down 15. Among Shoe concerns, Headlam Sims and Coggins revived with a speculative rise of 8 to 71p.

Ahead of the US imposition of tariffs on Japanes industrial products later this week and the increasing threat of an all-out US/Japanese trade war, Cable and Wirelesss remaned a friendless market among Electricals, falling 12 further to 353p. Elsewhere, Telephone Rentals' preliminary figures were deemed disappointing and the close was 3 easier at 225p, but Micro Business Systems reflected the strong return to profitability with a rise of 5 to 108p. Miles 33 gained 14 to 579p on further consideration of the agreed offer from UEI.

Interest in the Engineering leaders failed to expand from the recent low levels. Hawker, awaiting today's preliminary figures, drifted back to close 5 cheaper at 488p. Christy Hunt, stimulated by the proposed acquisition of Taylor Tunnicliff, which manufactures domestic, electrical technical and indusrial ceramics, advanced 8 to 60p. Bristol Channel Ship Repairers improved 1¾ to 14p on the change in stake holding, while the unveiling of its aircraft docking system, the first to comply with international standards which will be compulsory by 1991, prompted firmness in Simon which closed 7 better at 320.

Movements in the food sector were usually of a minor nature. Tate and Lyle ran back 9 to 707p while Rowntree Mackintosh fell 5 to 468p. Albert Fisher slipped to 231p in front of today's preliminary results but favourable Press comment directed attention towards Hillsdown, 5 up at 271p.

In a quiet hotels group Trust House Forte edged up 2, to 225p. Norfolk Capital held at 34p following the results. Elsewhere IOM Enterprises shot up 65 to 280p reflecting an acute stock shortage.

Leading miscellaneous issues traded on a rather uncertain note before ending the day with relatively modest losses. Glaxo, sustained by favourable comment on the interim figures, settled a little lower at £14⅛, while BOC, 424p, and Hansen Trust, 152½p, both finished a shade easier. Beecham, however, were noteworthy for a loss of 10 at 480p. Elsewhere, Reuters, a US favourite, lost 10 to 673p, but Wellcome continued its recent recovery movement with a gain of 12 at 407p. Guthrie responded to the good preliminary figures with a gain of 6 to 209p, while Beatson Clark edged up a few pence more to 271p on the announcement that Anglo African has acquired a 10.8 per cent stake in the company. Pentland, down 16 at 689p, gave further ground on news that it is reducing its stake in Reebok from 36.7 per cent to 32.2 per cent. Among the recent high fliers Jacksons Bourne End encountered profit-taking and fell 35 to 585p, while Sharna Ware also turned reactionary and gave up 30 to 155p. A "take profits" suggestion in the Press prompted selling of Norank which closed 14 lower at 229p. Worcester, down 15 at 560p, failed to benefit from the encouraging tenor of the chairman's annual statement.

Newspapers weakened as investors decided to realise the profits made through this year's good advance. Home Counties dropped 22 to 478p and Trinity International fell 25 to 680p, while United gave up 9 at 470p and Associated 7 to 489p. A few Paper/Printing issues suffered a similar fate, Ault and Wiberg reacting 15 to 275p and Jefferson Smurfit 15 to 410p. St Ives were a rare bright spot, rising 45 to 595p following news of a sizeable acquisition. The group is to purchase magazine printer Riverside Press for £8.4m, via the issue of nearly 1.7m new shares. Increased mid-term profits helped Cradley Print rise 2 to 39p, but Barham, at 169p, were scarcely affected by the good preliminary figures; the latter proposes a placing of 15.6m Convertible Preference shares with an open offer to existing shareholders at 100p per share.

Further light profit-taking lowered recently-strong Motor Distributor issues. These included T. Cowie, down 7 at 418p, and Hartwells, another 5 off at 117p. Lucas Industries were one of the few stocks to move against the trend in Components but the close was only slightly harder at 565p.

An erratic session in TV shares ended with Anglia 8 down at 470p and TV-am up 6 at 340p. The pattern was repeated throughout the Leisure sector. Fairline Boats dropped 20 to 263p and Brent Walker reacted 8 to 374p but Photax (London) were raised 20 to 130p after the preliminary statement, which revealed a loss.

Property leaders returned to the fore with Land Securities closing 6 higher at 385p and MEPC 8 dearer at 364p following revived speculative support. Elsewhere, Belgrave Holdings followed Monday's gain of 15 with a fresh improvement of 3 to 223p, after 225p, following news of the unconditional cash offer of 235p per share made by English Trust, on behalf of Precis. Marler Estates put on 25 to 925p, but recent high-flier Helical Bar reacted 30 to 850p on profit-taking. Phoenix Properties and Finance lost 6 at 148p and St Modwen gave up 4 at 43p.

Disappointedd bid speculators continued to shed Rothmans International and the price dropped 9½ more, closing only a few pence above last Friday's level at 246p.

Light profit-taking took a further toll on selected Textiles. S. Jerome lost 8 to 177p, while Lamont gave up 7 at 268p and Illingworth Morris a like amount at 142p.

A spate of "buy" recommendations for Yule Catto, many based on growth prospects, in the wake of Monday's impressive results, produced a scintillating rise of 50 to 425p. Elsewhere, Argyle Trust retreated 10 to 161p, but Asset Trust advanced 5 to 91p. The annual loss left Silvermines 3 down at 108p. Investment Trusts were featured by River and Mercantile, which rose 7 to 216p; consideration is being given to reorganising the capital structure of the company to that of a split level trust.

The steep fall on Wall Street overnight and an uncertain showing by US markets at the opening yesterday undermined an oil sector still unsettled by recent falls in crude oil prices.

British Gas stood out, however, and moved up after a turnover of 44m shares, 2 to 91½p, following a buy recommendation from BZW.

McLeod Russel surged ahead strongly on the announcement that it was to merge its Indian tea interests with those of Mendip. The latter is owned by a consortium of Eropean investors, including Geo. Williamson. After rising to 398p, McLeod Russel ended 55 higher at 388p.

International gold shares enjoyed another day of big turnovers and price volatility. South Africans opened with strong gains across the board, prompted by good overnight US buying interest, but gradually drifted back around midday owing to lack of interest and light profit-taking. However, news of the US trade deficit brought renewed pressure to bear on the dollar and subsequent upturn in bullion triggered a fresh round of buying interest in the gold share market, which ended the day with modest gains.

The Gold Mines index rose 1.2 to 485.0, extending its gain over the past seven trading days to one of more than 69 points. Bullion settled $5.5 up at $442.75—its highest closing level since May 18 1983.

The London-based Financials continued to attract substantial support although this petered out towards the close. Rio Tinto-Zinc suffered from profit-taking and closed 11 easier at 919p. Greenwich Resources moved up 6 to 283p, and Ennex International, helped by the disclosure of a possible gold discovery in Northern Ireland, put on 4 to 61p. Clogau Gold hardened a couple of pence to 29½p.

Many of the Australian gold high-fliers encountered overnight profit-taking after a bout of selling pressure in Sydney and Melbourne markets. Gold Mines of Kalgoorlie dropped 70 to 498p, Metana 65 to 718p, Whim Creek 65 to 635p and Poseidon 55 to 668p. ACM lost 27 to 353p and Carr Boyd 18 to 118p.

TRADED OPTIONS

An increased turnover in Traded Options saw 44,946 deals done, comprising 29,373 calls and 15,573 puts. British Airways were active with 8,189 calls struck, while British Gas recorded 4,224.

Traditional Options

- First dealings April 12
- Last dealings May 1
- Last declaration July 23
- For Settlement Aug 8

For rate indications see end of Unit Trust Service

Money was given for the call of Amstrad, J. Israel, CASE, Silentnight, Thames Mining, Durban Deep, Sparges, Dominion International, Ryan International, Morgan Grenfell, Marks and Spencer, Eglinton, Brent Walker, Whim Creek, Ennex, Benlox, Norfolk Capital, Polly Peck, Pavion, Rivlin, Feedex, Astra Industrial, Raine, Eagle Trust, Parkdale, Cronite, Ratners and Property Trust. No puts were reported, but a double option was arranged in Amstrad.

FINANCIAL TIMES STOCK INDICES

	Apr. 14	Apr. 13	Apr. 10	Apr. 9	Apr. 8	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	89.46	89.89	89.68	90.55	90.61	93.02	92.19 (23/3)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.13	96.31	96.97	97.11	96.99	96.47	97.98 (19/3)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,506.7	1,512.4	1,523.8	1,546.2	1,558.6	1,370.8	1,625.2 (24/3)	1,320.2 (2/1)	1,625.2 (24/3/87)	49.4 (26/6/40)
Gold Mines	485.0	483.8	470.4	441.2	436.2	287.4	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.93	3.88	3.83	3.78	3.75	3.89				
Earnings Yld.%(full)	8.86	8.82	8.73	8.60	8.54	9.54				
P/E Ratio (net) (*)	13.95	14.02	14.16	14.37	14.88	12.95				
SEAQ Bargains (5 pm)	45,627	39,835	39,100	38,009	37,453	—				
Equity Turnover (£m)	—	1,099.84	1,508.77	1,433.69	1,335.37	790.61				
Equity Bargains	—	48,212	47,348	49,989	55,103	36,775				
Shares Traded (ml)	—	442.5	510.2	—	483.9	329.4				

S.E. ACTIVITY Indices	April 11	April 10
Gilt Edged Bargains	134.6	140.7
Equity Bargains	312.4	306.8
Equity Value	2,223.1	3,049.69
5-Day Average		
Gilt Edged Bargains	136.8	144.9
Equity Bargains	333.0	360.2
Equity Value	2,702.9	2,773.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
—	1502.5	1509.0	1517.8	1521.2	1511.8	1508.3	1506.1

Day's High 1521.2. Day's Low 1500.3 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.42.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (38)

CANADIANS (4), BANKS (1), BREWERS (2), BUILDINGS (2), CHEMICALS (1), STORES (6), ELECTRICALS (3), ENGINEERING (4), FOODS (3), HOTELS (1), INDUSTRIALS (8), INSURANCE (1), NEWSPAPERS (1), PAPER (2), PROPERTY (5), SOUTH AFRICANS (1), TRUSTS (8), OILS (3).

NEW LOWS (96)

AMERICANS (34), BANKS (6), BUILDINGS (5), CHEMICALS (3), STORES (2), ELECTRICALS (4), ENGINEERING (2), INDUSTRIALS (6), INSURANCE (9), MOTORS (1), NEWSPAPERS (2), PAPER (1), PROPERTY (1), SHIPPING (1), TEXTILES (2), TRUSTS (7), OILS (2), OVERSEAS TRADERS (3).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	1,800	143	−1
Allied Lyons	1,400	364	−3
Amstrad	651	177	−2
Assoc. Brit. Foods	1,100	338	−2
Argyll Group	2,800	399	−1
BAT	4,600	489	—
BET	482	241	+1
BOC	1,100	424	−3
BPB Inds	1,400	630	−6
BPCC	717	308	−2
BTR	5,200	293	+5
Barclays	995	485	−3
Bass	960	844	+1
Beecham	1,300	480	−10
Blue Circle	3,000	786	−19
Boots	4,600	279	—
Brit. Airways	13,050	135	+3
Brit. Aero	789	637	−8
Brit. & Comm.	657	429	−4
Brit. Gas	44,000	91½	+2
Britoil	1,100	232½	−5½
BP	6,900	849	—
Brit. Telecom	15,000	238	−3
Bunzl	234	214	−3
Burton	2,300	281	—
Cable & Wire	10,930	353	−12
Cadbury Schwps	3,900	229½	—
Coats Viyella	832	552	+1
Comm. Union	2,600	313	−2
Cons. Gold	1,100	£10⅛	—
Cookson	595	599	—
Courtaulds	1,600	398	+5
Dee Corpn	2,100	221	+1
Dixons Grp.	1,200	221	+1
English China Clays	355	387	−8
Fisons	599	585	−7
Gen. Accident	557	925	−13
Gen. Elect	8,000	192½	−3½
Glaxo	3,700	£14⅛	−⅛
Globe Investment	816	147½	—
Granada	1,700	312	−6
Grand Met	1,100	469	−1
Gus "A"	79	£11¾	−⅛
Guardian R.E.	326	882	−2
GKN	803	309½	−½
Guinness	12,000	322	+8
Hanson Trust	12,000	152½	−1½
Hawker Sidd	647	493	−5
Hillsdown Hlgs	12,000	271	+5
ICI	2,400	£12⅛	−⅛
Imp. Cont. Gas	503	733	−2
Jaguar	2,000	552	−10
Ladbroke	1,000	411	−1
Land Securities	1,000	385	+6
Legal & Gen.	1,200	269	−6
Lloyds Bank	1,600	441	−17
Lonrho	900	288½	−2
MEPC	982	364	+8
Marks & Spncr	7,350	209	+2
Midland Bank	1,200	568	−1
NatWest Bank	2,100	540	−8
Pearson	713	610	−10
P & O	396	588	—
Pilkington Bros	716	749	—
Plessey	8,100	232	+2
Prudential	1,300	808	−12
Racal	4,200	218	−1
Rank Org.	354	633	+3
RHM	5,500	310	+2
Reckitt & Col	547	923	−13
Redland	2,500	425	+5
Reed Intl.	538	378	−2
Reuters	1,200	672½	−10½
RMC	677	778	+5
RTZ	2,400	920	−10
Rowntree Mac	389	468	−5
Ryl Bank Scotland	341	309	−3
Royal Insurance	1,300	901	−14
STC	3,000	251	+11½
Saatchi & Saatchi	338	654	−5
Sainsbury	2,000	461	−2
Sears	2,200	129	−1
Sedgwick	3,500	290	−5
Shell Trans	4,700	290	−5
Smith & Nephew	3,000	148½	+½
Standard Chart.	345	838	—
Storehouse	2,500	285	+5
Sun Alliance	1,300	820	−3
TSB	3,800	80½	−1½
Tarmac	353	472	[illegible]
Tesco	1,800	474	−4
Thorn EMI	525	641	−1
Trafalgar House	851	313	−1
T'house Forte	3,000	225	+2
Unigate	342	363	−2
Unilever	352	£26¼	−⅛
United Biscuits	3,700	260	−1
Wellcome	2,900	407	+12
Whitbread "A"	71	304	−1
Woolworth	1,000	778	+4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	20	67	6
Corporations, Dominion and Foreign Bonds	2	23	43
Industrials	222	810	513
Financial and Properties	89	257	239
Oils	16	57	39
Plantations	2	2	10
Mines	68	61	52
Others	27	127	62
Totals	446	1,424	964

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Apr 14 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Mon April 13 Index No.	Fri April 10 Index No.	Thurs April 9 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	813.37	−0.5	7.92	3.33	16.00	5.40	817.62	825.20	837.55	718.08
2	Building Materials (27)	989.57	−0.8	7.97	3.45	15.77	2.88	998.02	1005.81	1020.41	798.49
3	Contracting, Construction (30)	1348.01	−1.0	7.62	3.67	17.97	5.78	1362.02	1373.83	1396.18	1151.08
4	Electricals (12)	2053.67	−0.4	7.10	3.95	18.10	11.16	2061.16	2072.96	2090.69	2061.86
5	Electronics (36)	1825.28	−0.8	8.23	2.47	16.00	18.93	1839.60	1847.79	1876.81	1653.44
6	Mechanical Engineering (59)	462.06	−0.6	8.57	3.79	14.93	3.88	464.67	469.50	474.85	407.27
8	Metals and Metal Forming (7)	443.47	−0.3	8.17	3.58	14.87	2.74	444.89	448.72	458.51	343.08
9	Motors (16)	319.35	−0.9	9.04	3.41	12.81	2.96	322.18	325.89	329.95	291.15
10	Other Industrial Materials (20)	1378.19	+0.6	6.56	3.64	18.30	14.43	1369.92	1393.24	1418.51	1294.88
21	CONSUMER GROUP (180)	1117.99	−0.2	6.63	2.93	19.42	4.12	1120.32	1132.82	1145.21	937.12
22	Brewers and Distillers (22)	1033.70	+0.3	8.28	3.36	15.19	3.69	1030.69	1034.26	1045.99	937.02
25	Food Manufacturing (26)	860.17	−0.3	8.06	3.53	16.33	7.32	863.01	870.62	878.98	691.49
26	Food Retailing (16)	2064.11	−0.3	6.12	2.69	22.72	10.45	2071.28	2083.96	2117.94	1944.03
27	Health and Household Products (10)	2115.79	−0.6	4.49	1.89	25.83	2.04	2129.62	2192.18	2206.80	1606.52
29	Leisure (32)	1221.40	−0.3	6.19	3.54	21.36	9.19	1225.17	1235.70	1243.85	927.75
31	Packaging & Paper (15)	582.50	−1.0	6.08	2.91	21.10	2.30	588.32	591.51	600.48	453.02
32	Publishing & Printing (14)	3410.79	−0.6	5.95	3.42	21.64	8.38	3432.67	3448.61	3488.12	2356.88
34	Stores (37)	946.29	+0.2	6.95	2.90	19.56	1.69	944.01	946.32	960.46	894.22
35	Textiles (16)	661.25	+0.1	8.15	3.25	14.09	8.44	660.37	670.13	685.86	544.17
40	OTHER GROUPS (88)	932.56	−0.8	8.55	3.68	14.55	7.19	940.16	951.70	968.50	809.47
41	Agencies (17)	1376.14	−1.0	4.96	1.83	27.06	7.12	1389.69	1396.88	1415.28	0.0
42	Chemicals (21)	1185.50	−0.5	8.16	3.73	15.01	16.56	1191.72	1200.69	1225.06	905.62
43	Conglomerates (12)	1206.49	−0.7	7.46	3.61	15.78	4.04	1214.83	1228.90	1249.84	0.0
45	Shipping and Transport (11)	1907.37	+0.4	7.85	4.28	16.06	21.76	1899.67	1918.60	1956.88	1626.44
47	Telephone Networks (2)	935.81	−1.7	9.99	4.12	13.64	1.09	951.62	963.66	981.02	956.70
48	Miscellaneous (25)	1263.83	−0.4	9.54	3.56	11.82	16.87	1268.95	1295.96	1316.36	987.02
49	INDUSTRIAL GROUP (483)	1000.42	−0.4	7.47	3.23	16.98	5.52	1004.93	1015.63	1029.96	857.67
51	Oil & Gas (17)	1779.72	−0.2	8.03	5.00	16.26	35.84	1784.15	1800.45	1815.66	1197.74
59	500 SHARE INDEX (500)	1066.40	−0.4	7.55	3.49	16.87	8.17	1070.90	1082.86	1096.44	888.28
61	FINANCIAL GROUP(118)	660.90	−0.7	—	4.51	—	8.42	665.70	673.79	684.41	619.74
62	Banks (8)	685.07	−1.2	20.63	5.58	6.41	14.36	693.67	705.95	718.78	674.62
65	Insurance (Life) (9)	919.94	−1.1	—	4.65	—	16.09	929.82	936.90	945.37	892.87
66	Insurance (Composite) (7)	525.54	−0.9	—	4.78	—	5.09	530.33	533.66	539.47	516.31
67	Insurance (Brokers) (9)	1089.71	−1.5	9.75	5.02	13.26	13.84	1105.89	1135.04	1158.27	1202.17
68	Merchant Banks (11)	360.49	−0.2	—	3.58	—	2.88	361.12	365.41	373.88	365.27
69	Property (47)	928.05	+0.4	4.88	3.21	26.67	2.76	923.94	933.07	948.49	739.28
70	Other Financial (27)	443.33	−0.5	7.45	3.50	17.09	3.04	445.74	449.53	457.20	355.70
71	Investment Trusts (95)	945.80	—	—	2.52	—	5.01	946.35	953.62	961.85	747.08
81	Mining Finance (2)	475.90	−0.6	6.44	3.59	18.27	1.89	478.87	471.28	445.99	383.75
91	Overseas Traders (11)	914.60	+0.3	8.92	4.92	13.58	10.30	911.65	916.15	908.66	683.11
99	ALL-SHARE INDEX(726)	960.35	−0.4	—	3.62	—	7.96	964.66	974.45	986.51	809.22

	Index No.	Day's Change	Day's High	Day's Low	April 13	April 10	April 9	April 8	April 7	Year ago
FT-SE 100 SHARE INDEX ♣	1908.9	−8.2	1927.6	1903.3	1917.1	1936.7	1962.8	1976.7	1987.0	1654.8

FIXED INTEREST

	PRICE INDICES	Tues April 14	Day's change %	Mon April 13	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	122.81	+0.04	122.76	—	3.62
2	5-15 years	141.67	+0.28	141.28	—	4.40
3	Over 15 years	150.45	+0.88	150.05	0.92	4.78
4	Irredeemables	166.82	+0.20	166.49	—	1.62
5	All stocks	137.97	+0.31	137.69	0.15	4.21
	Index-Linked					
6	5 years	118.36	−0.90	119.44	—	0.83
7	Over 5 years	119.20	−1.72	121.29	—	1.17
8	All stocks	118.92	−1.65	120.92	—	1.13
9	Debentures & Loans	122.92	−0.82	123.93	—	2.80
10	Preference	87.06	+1.66	85.64	—	1.94

	AVERAGE GROSS REDEMPTION YIELDS	Tues April 14	Mon April 13	Year ago (approx.)
	British Government			
1	Low 5 years	8.25	8.25	7.81
2	Coupons 15 years	9.08	9.14	8.50
3	25 years	9.10	9.16	8.50
4	Medium 5 years	9.29	9.34	8.93
5	Coupons 15 years	9.29	9.36	8.86
6	25 years	9.29	9.36	8.80
7	High 5 years	9.45	9.45	9.00
8	Coupons 15 years	9.42	9.50	8.98
9	25 years	9.19	9.29	8.96
10	Irredeemables†	9.09	9.11	8.55
	Index-Linked			
11	Inflat'n rate 5% 5 yrs	3.10	2.83	3.57
12	Inflat'n rate 5% Over 5 yrs	3.51	3.40	3.53
13	Inflat'n rate 10% 5 yrs	2.51	2.24	2.54
14	Inflat'n rate 10% Over 5 yrs	3.39	3.28	3.38
15	Debs & Loans 5 years	10.08	9.96	10.11
16	15 years	10.28	10.17	9.98
17	25 years	10.32	10.21	9.85
18	Preference†	10.72	10.90	11.22

♣Opening index 1907.4; 10 am 1905.2; 11 am 1913.6; Noon 1922.2; 1 pm 1924.7; 2 pm 1915.0; 3 pm 1909.6; 3.30 pm 1905.4; 4 pm 1910.7

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		CALLS Apr.	July	Oct.	PUTS Apr.	July	Oct.
Allied Lyons (*362)	330	35	45	55	1½	10	15
	360	10	25	38	8	23	30
	390	1	13	25	30	40	45
	420	0½	6	15	60	65	70
Brit. Airways (*135)	90	44	45	48	0¼	1	2
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P/E Ratio
§150	F.P.	15/4	180	160	Admiral Comp'ting 5p	173	......	u2.15	3.6	1.7	22.6
§180	F.P.	15/5	201	189	Airsprung 10p	189	−2	R5.4	2.5	4.0	13.9
§215	F.P.	—	380	272	Barbour Index	360	−1	[illegible]	3.1	1.5	29.6
[illegible]											

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA — April 14 [illegible]

BELGIUM/LUXEMBOURG — April 14 [illegible]

DENMARK — April 14 [illegible]

FINLAND — April 14 [illegible]

FRANCE — April 14 [illegible]

GERMANY — April 14 [illegible]

ITALY — April 14 [illegible]

NETHERLANDS — April 14 [illegible]

NORWAY — April 14 [illegible]

SPAIN — April 13 [illegible]

SWEDEN [illegible]

SWITZERLAND — April 14 [illegible]

AUSTRALIA — April 14 [illegible]

AUSTRALIA (Continued) — April 14 [illegible]

HONG KONG — April 14 [illegible]

JAPAN — April 14 [illegible]

JAPAN (Continued) — April 14 [illegible]

SINGAPORE — April 14 [illegible]

SOUTH AFRICA — April 14 [illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

WE REGRET that Toronto closing prices were not available for this edition due to communication problems.

TORONTO
Prices at 2.30pm April 14

[illegible]

F—No voting rights or restricted voting rights.

MONTREAL
Closing prices April 14

[illegible]

Total Sales [illegible] shares

Indices

NEW YORK [illegible]

[illegible]

TORONTO [illegible]

MONTREAL Portfolio [illegible]

NYSE-Consolidated 1500 Actives [illegible]

AUSTRALIA [illegible] AUSTRIA [illegible] BELGIUM [illegible] DENMARK [illegible] FINLAND [illegible] FRANCE [illegible] GERMANY [illegible] HONG KONG [illegible] ITALY [illegible] JAPAN [illegible] NETHERLANDS [illegible] NORWAY [illegible] SINGAPORE [illegible] SOUTH AFRICA [illegible] SPAIN [illegible] SWEDEN [illegible] SWITZERLAND [illegible] WORLD [illegible]

**Saturday April 11: Japan Nikkei (c) TSE (c). [illegible]

LONDON — Most Active Stocks
Tuesday, April 14, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Brit. Gas	44.6m	91½	+ 2	Hanson Tr.	12.8m	152½	− 1½
BAT	14.8m	489	unch	Hillsdown Hldgs	12.8m	271	+ 5
Brit Telecom	15.8m	238	− 3	Cable & Wire	10.8m	353	−12
Brit Airways	13.1m	136	+ 3	Plessey	8.1m	232	+ 2
Guinness	12.8m	322	+ 8	Gen Elect	8.8m	192½	− 3½

TOKYO — Most Active Stocks
Tuesday, April 14, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Nippon Steel	57.42m	368	+13	Toshiba Corp.	21.70m	725	+25
Mitsui & Co.	52.53m	844	+31	Mitsubishi Metal Ind.	20.48m	882	+42
Hitachi Zosen	48.75m	219	+14	Tokio Marine & Fire	20.61m	2,780	+17
Japan Line	39.58m	191	+17	Nisshin Steel	19.97m	338	+ 5
Nippon Kokan	25.39m	325	+ 9	Ishikawajima-Harima	18.52m	831	+21

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:			FALLS:		
Ex 12pc 113-117	£128¾	+ 1⅝	Tr. 2½pc I-L 2009	£104¾	− 1¹⁵⁄₁₆
Christy Ht	60	+ 8	ACM	353	−27
Excalibur	66	+ 5	Arg Trust	161	−10
Greene King	347	+14	Ault & Wiborg	275	−15
Guinness	322	+ 8	Bl. Circle	786	−19
Guthrie Corp.	209	+ 6	Cable & Wirel.	353	−12
Headlam Sims	71	+ 8	Carr Boyd	118	−18
MEPC	384	+ 8	Fairline Boats	263	−20
McLeod Russ	388	+55	Gold Mns Kalg	498	−70
St. Ives	595	+45	Home Cnts Nws	478	−22
Yule Catto	425	+50	Jerome (S.)	177	− 8
			Lloyds Bk	441	−17
			Metana Mins	718	−65
			Norank Sys	229	−14
			Pentland Inds	689	−18
			Poseidon	668	−55
			Rothmans	246	− 9½
			Sons of Gwalia	745	−45
			Whim Creek	635	−65

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 51

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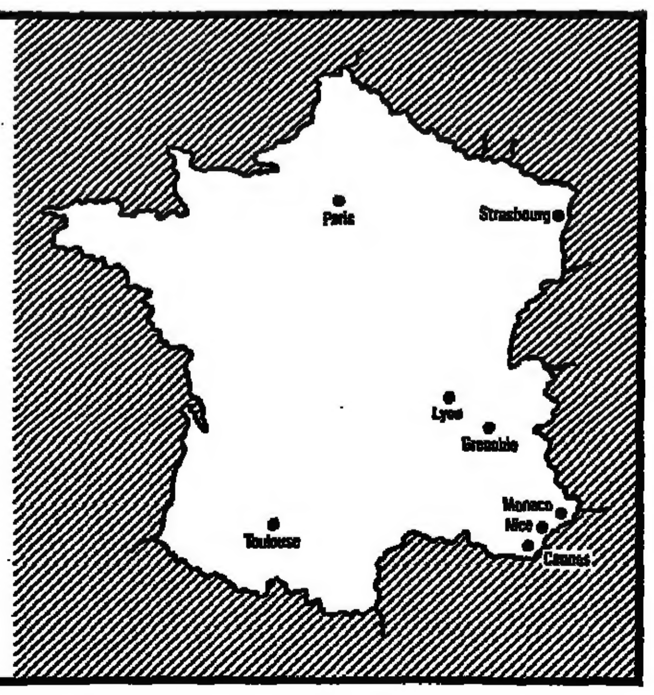

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅝	20⅞	AAR s	.50	1.7	21	816	29⅞	29	29¾	−½
37	21⅞	ADT	.92	2.8	19	602	33¼	32⅝	33	−¾
41½	23⅝	AFG	.12e	.3	11	432	36⅝	35⅝	35¾	−1⅛
40¼	18¾	AGS			27	184	35¾	34¾	35	−1
14¼	6¾	AMCA				42	8½	8⅛	8⅛	−⅛
9⅝	4⅞	AM Intl				1202	6⅞	6⅝	6¾	−⅛
62⅛	47¼	AMR			11	7793	53	50⅝	51⅛	[illegible]
27½	25	ANR pf	2.67	10.		4	26½	26	26½	
25	20⅞	ANR pf	2.12	8.6		4	24⅝	24⅝	24⅝	
12⅞	8	ARX s			12	154	10⅛	9¾	10	−⅛
71⅝	28¾	ASA	2a	2.8		4026	u73½	71¾	72	+⅝
19⅝	9.	AVX			1.8	515	18½	17⅝	17⅝	−1⅛
32¾	26½	AZP	2.72	9.5	q9	1781	28¾	28½	28¾	−⅛
67	41	AbtLb s	1	1.7	24	7321	59	58½	58⅝	−⅞
34¾	25	AccoWd .62		2.0	20	171	32¾	31¾	31¾	−1⅛
14	9	AcmeC .40		3.0	24	347	13⅛	13	13⅛	
8½	6⅛	AcmeE .32b		4.3	26	68	7⅝	7½	7½	−⅛
23⅞	18⅞	AdaEx 3.42e		16.		173	21¼	21	21	−¼
19½	11⅝	AdmMl s .24		1.3	15	152	18¾	18⅝	18¾	+¼
21½	12⅞	AdvSys .62t		3.1	15	38	20¼	19¾	19¾	−¾
31½	12⅞	AMD				3198	20	19½	19⅞	−¼
52⅝	49⅝	AMD pf	3	6.0		79	50¼	50	50	−¼
10¾	5¼	Adobe				42	9¾	9⅝	9⅝	−⅜
20½	19¾	Adob pf	1.84	9.6		13	19⅝	19¼	19¼	−½
[illegible]										

Continued on Page 51

NYSE COMPOSITE CLOSING PRICES

Continued from Page 50

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
38½	28½	Signet 1.24		3.8	9	152	33¾	32⅝	32⅝	−1⅜
55⅞	37¼	Singer .40b		.9	10	1720	46¼	44	44⅛	−3⅛
42	35¾	Singr pf3.50		9.3		46	38¼	37	37½	−⅝
22	19⅜	Sizeler n				280	20¼	20¼	20¼	−⅛
19¼	12⅝	Skyline .48		3.1	15	274	15⅝	15¼	15⅝	−⅜
29⅞	20⅝	Slattery				9	26	25	25	−⅜
5⅝	2⅛	vjSmith				888	5	4⅞	4⅞	−⅛

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23⅝		UNUM n.20e		.9		1386	23½	d21⅞	22	−¾
21⅞	14⅝	URS			15	113	19¾	19	19	−½
49¾	35¾	USFG 2.48		6.4	11	4528	39	38	38⅝	−⅝
62	52¾	USFG pf4.10		7.4		80	55½	55¼	55¼	−⅛
46½	32	USG s 1.12		3.0	11	1779	38⅞	37⅛	37⅝	−2⅛
29¼	22	USLICO.88		4.1	8	256	22½	d21⅛	21⅜	−⅞
36⅞	17⅝	USPCI s			39	83	33½	31¾	31¾	−2
29⅞	14⅝	USX 1.20		4.3		10790	28	27¼	27⅝	+⅛
53	23⅝	USX pf4.05e		9.1		34	44¾	44⅛	44¾	
27⅞	22⅞	USX pf 2.25		8.3		721	27⅜	27⅛	27⅛	
108	86¾	USX pf10.75		11.		76	100⅞	98¼	98¼	−1
1⅞	¼	USX wt				141	1	1	1	−⅛
34¾	13⅛	Unitrde			14	387	20¼	19¼	19¾	−⅝

[illegible]

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
78⅞	49⅞	Xerox	3	4.2	18	14168	72½	70½	71½	−1⅛
58¼	55	Xerox pf5.45		9.8		382	56½	55¼	56½	+⅛
28¾	21½	XTRA	.64	2.6		7308	24⅝	24⅛	24⅝	+⅜
21⅛	13½	Yorkin			23	273	20¾	20½	20½	+⅛
6	2⅛	Zapata				688	4¼	3¾	3⅞	−¼
43⅞	23¾	Zayre s	.40	1.6	17	3204	25⅞	24⅞	25⅛	−⅜
14⅛	8⅜	Zemex	.40	2.8	9	72	14⅛	13⅞	14⅛	+¼
29⅞	19⅞	ZenithE				875	25⅝	24½	24⅝	−⅞
18⅞	8	ZenLb s				1172	11⅞	11½	11¾	−⅛
21	15⅝	Zero	.36	2.2	17	355	16⅞	16¼	16¼	−⅜
51¾	33¾	Zurmin 1.32		2.9	16	288	48¼	44½	45	−3½
10⅛	8¼	Zweig n.10e		1.1		2071	9⅝	9	9⅛	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

[illegible]

OVER-THE-COUNTER *Nasdaq national market, closing prices*

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Continued on Page 49

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FINANCIAL TIMES

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FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Dollar imparts rapid downward momentum

WALL STREET

ANOTHER BROAD retreat was staged on Wall Street yesterday as fresh concern over the dollar combined with a larger than expected February trade deficit to weaken stock and bond prices, *writes Paul Hannon in New York.*

The retreat, exacerbated by plunging stock index futures and free-falling bond futures prices, prompted a mid-session plunge in the Dow Jones industrial average which closed 34.09 lower at 2,252.98, having shown a 65 point drop by 3.30pm. The index dropped over 51 points in late trading on Monday.

The transportation average registered a sharp 18.01 fall to 914.89 while the interest rate-sensitive utilities average was down 5.76 at 192.82.

Trading volume swelled to 267m shares compared with Monday's 181m.

Some stability surfaced in the oil sector, however, despite the drop in May crude oil futures to $17.77 a barrel. Texaco, which filed for Chapter 11 bankruptcy protection, rebounded $1⅛ to $29⅝ in heavy trading.

Pennzoil, which prompted Texaco to seek court protection from its creditors, suffered another downturn as its share price dropped $1⅞ to $75⅞. Pennzoil plunged $15¼ in heavy trading on Monday.

Among the other oil shares, Exxon jumped an early $1⅛ but closed $⅝ cheaper at $88⅝ and Chevron, which operates a joint venture with the embattled Texaco, retreated $1⅛ to $57⅞. Mobil, however, held steady at first but then lost $1⅛ to $48.

IBM, which sprinted ahead in Monday trading, picked up an early $2 but finished only $⅜ higher at $147⅞ in continued reaction to its higher than expected first-quarter figures.

The corporate reporting season provided another host of results which saw International Paper jump $2¼ to $108 on its first-quarter earnings of $1.63 compared with 41 cents per share.

Marriott, the hotel and restaurant group, turned in first-quarter profits of 30 cents (against 25 cents) per share but retreated $1 to $38¼.

A small drop in first-quarter performance of Time Inc triggered a sharp $2¼ retreat to $85 in thin trading.

Wang Laboratories, which revealed a *third-quarter gain*, advanced $⅜ to $15⅛ in moderate trading.

GTE, which announced a 6 per cent retreat in first-quarter figures on Monday, dropped $2 to $36.

Boise Cascade, which turned in sharply higher first-quarter earnings of $1.31 compared with 83 cents dropped $2¼ to $76½ in thin trading.

The car sector was broadly lower as Ford retreated $3⅜ to $81½ on news that it planned to invest $300m in new plant facilities.

General Motors continued to slide from its recent peak with a fresh $1⅛ drop to $83½ and Chrysler gave up $2 to $33¾.

Computer issues were mixed with Prime Computer surrendering an early gain of $⅜ to close $¼ lower at $22⅞ in reaction to the group's expanded range of super mini computers. Apple however retreated $1¼ to $30⅞ and Digital lost $3⅜ to $160⅞.

Gold shares gained across a broad front as bullion prices soared against the background of a weaker dollar. Newmount Mining added $1 to $99½, Battle Mountain Gold firmed $¼ to $43 and Echo Bay Mines traded $1 higher to $46¼. American Barrick Resources closed $¼ up at $31½.

Leading retailers weakened with Sears retreating $1⅛ to $49¼ in active trading while JC Penney dropped back $4⅛ to $92⅛.

Federated Department Stores lost $2¼ to $91¾ in subdued trading while Wal-Mart fell $1⅛ lower to $54⅞.

The takeover speculation that surrounds UAL failed to add any strength to its price as the airline to car rental group gave up $⅞ to $70⅞. USAir, which is digesting its Piemont Aviation takeover, turned $1⅞ cheaper to $40⅞.

On the American Stock Exchange, Dome led the actives in early trading with a $⅜ gain to $1½ while New York Times-class A shares dropped $2 to $41.

Other features included a $⅛ drop to $4 for Wickes and a $1⅜ decline for Amdahl at $34⅞.

The bond market rebounded at mid-session only to stage a fresh downturn in late afternoon trading that focused on the weaker dollar and the latest trade deficit figures.

The late selloff in the stock and bond markets on Monday afternoon were attributed to fears that the February trade deficit could hit $18bn, but when the Commerce Department data revealed an expanded trade gap of $15bn (against $12.2bn in January), the mood turned mixed. Some analysts suggested that the figures, although no improvement, were no cause for panic.

The long bond, the belwether 7½ per cent issue due in 2016, traded almost a half point lower.

CANADA

A SURGE in gold shares and in takeover candidate Dome Petroleum did little to stem a widespread decline in Toronto, reflecting interest rate concern on Wall Street.

Dome Petroleum topped the actives, rising 51 cents to C$1.95 on 1.7m shares as oil analysts speculated on the possibility of another takeover bid.

Other major oils dipped, including Imperial Oil class A, down C$⅝ to C$67¼. Imperial declined to comment on speculation that it might bid for Dome.

Gold stocks benefited from higher world prices for bullion. Lac Minerals gained C$1⅜ to C$45⅞.

Montreal followed the downward trend.

Ivan Boesky

Company lawsuit against Boesky dismissed

By James Buchan in New York

A FEDERAL judge in Chicago has thrown out a suit demanding large damages from Mr Ivan Boesky, the disgraced arbitrageur, and various associates on the grounds of insider trading.

But lawyers acting for stockholders in other cases involving Mr Boesky believe the judgment is unique and class actions can still be successfully prosecuted.

Judge Ann Williams, in the US district court, on Monday dismissed all counts in a suit brought by FMC, the Chicago industrial conglomerate, which alleged that insider trading by Mr Boesky and others had cost the company more than $225m. The company *demanded damages based on the* extra cost as well as criminal and punitive damages.

The FMC suit is one of about half a dozen brought against Mr Boesky and certain Wall Street investment banks and bankers since last November when Mr Boesky agreed to pay $100m in fines and profits from insider trading.

Most of the actions are on behalf of shareholders who claim to have sold stock and been defrauded of profits that were available to the insider traders acting on "misappropriated" information.

The FMC suit is different in that the company alleged that Mr Boesky and others, acting on inside information, had bought FMC shares, boosting the share price and forcing the company to improve the terms of a recapitalisation plan it was offering some shareholders by about $225m.

However, Judge Williams said the corporation had suffered no injury *since its shareholders had* received the extra $225m. The company, which continues to contend that some shareholders lost out by selling to Mr Boesky, said it might appeal.

Mr David Berger, a Philadelphia lawyer who is bringing three class actions against Mr Boesky and confessed or alleged associates, said yesterday his cases would not "be governed by the FMC decision" since in each case shareholders were "defrauded and victimised" by insider traders.

London rally fails

BOTH EQUITIES and bonds took their lead in London from the reaction of the New York markets to the US trade figures.

Bonds gained while share prices closed lower despite a late rally from sharp early falls. The FT-SE 100 index was down 8.2 at 1,986.9 after bouncing between a 13-point fall and a 10-point gain and the FT Ordinary index lost 5.7 to 1,506.7.

An opinion poll which gave the Thatcher Government a 13-point lead over the opposition helped equities rally from mid-morning losses.

Encouraged by the good performance of bonds, the share market moved up, only to fall back again after news of the US trade figures. It then tried to join in the closing rally on the bond market but was restrained by an initially uncertain trend in Wall Street stocks.

Among the losers, Cable & Wireless fell 12p to 353p and Hanson Trust was down 1½p to 152½. British Airways moved against the trend, adding 3p to 135p.

Gilts opened ½ a basis point lower on some overnight Japanese selling. But the opinion poll reversed losses and prices ended up following the US bond market's reaction to the trade deficit, closing up 1¼ points. Details, Page 48

EUROPE

Trade figures a depressant

A MIXTURE of worries continued to haunt most of Europe, with attention divided between the plight of the dollar and the publication of US trade figures. Uncertainty on the bourses was reflected in modest turnover and a slack pace, reinforced by the prospect of the Easter holiday.

Frankfurt was relatively optimistic, with foreign demand for blue chips helping prices to firm after a mixed start. The absence of corporate news kept turnover down, and the Commerzbank index, calculated at midsession, rose 17.2 to 1,770.1.

VW failed to gain ground from the day's lows on press reports that its losses from currency fraud could *be higher than the DM 480m for* which it had already made provisions. VW ordinaries lost DM 9.40 to DM 330.40, despite company denials of the reports.

Banks were mixed, with Deutsche Bank unchanged at DM 647 after falling as low as DM 640.50. Dresdner put on DM 8 to DM 346.50.

Mannesmann was in the limelight, with its recent decision to take a majority stake in the Fichtel und Sachs car parts group seen as improving the company's earnings. It gained DM 6 to DM 185.

Amsterdam hosted foreign players in advance of the US trade figures, taking prices at midsession above opening lows. When they came, the trade figures did not trigger any significant selling but internationals were hardest hit.

Philips, which started trading on the New York Stock Exchange, managed to limit losses and shed 30 cents to Fl 50.60. But Unilever dropped Fl 14.50 to Fl 576 and Royal Dutch fell Fl 6.20 to Fl 240.50.

Zurich took Wall Street's overnight slump to heart, ending lower in fairly active trading. Banks and selected leading industrials staged a partial recovery from losses earlier in the session, but Swiss Bank closed down SFr 2 at SFr 446.

In a mixed engineering sector Brown Boveri bearer shed SFr 30 to SFr 1,750, while Georg Fischer gained further ground, up SFr 30 at SFr 1770.

Stockholm fended off the greater part of a widely expected fall but eased nevertheless on currency uncertainties.

OSLO saw record share turnover of NKr 18.2bn in the first quarter of 1987, compared to NKr 7.7bn in the same period last year. Turnover in bonds and certificates also reached a record of NKr 33.6bn against NKr 19.7bn in the 1986 quarter.

The star performer was Astra, which closed up SKr 10 at SKr 665 after news of a foreign-targeted bonus issue.

Brussels looked to Wall Street and found little inspiration, with foreign buyers no longer active in the market. Turnover remained strong but shares closed generally lower.

Among holding companies, Société Générale de Belgique weakened on rumours the company may be considering a capital increase. Its stock closed down BFr 35 to BFr 3570.

Paris opened on a pessimistic note but recovered somewhat towards the close with rises mostly among second-line stocks. They included Total-CFP's subsidiary Raffinage Distribution which gained FFr 8.30 to FFr 155.80, or 5.6 per cent of its value.

Milan concentrated on insurers, selective financials and industrials in active trading

Madrid fell on profit-taking after Monday's steep rise, but banks resisted selling pressure.

Oslo eased across the board.

SOUTH AFRICA

PROFIT-TAKING continued in gold shares in Johannesburg as the bullion price remained steady above $440.

Share prices closed mixed but off the day's lows in late trading. The gold index was marginally down from a record high close of 2,240 on Monday.

Vaal Reefs put on R3 at R442 and *Buffelsfontein* lost R1 at R78.

ASIA

Nikkei soars to record in steepest single-day rise

TOKYO

FINANCIAL stocks led a surge in Tokyo yesterday which sent the Nikkei average on its steepest ever single-day climb to a fresh record, *writes Shigeo Nishiwaki of Jiji Press.*

As funds poured back into the market following its plunge on Monday, the Nikkei soared 604.54 to a peak of 23,524.06. The previous largest rise of 505.57 reached on October 30 1986.

Turnover also strengthened from 762m to 1.10bn shares, with advances outnumbering declines by 542 to 347, with 114 issues unchanged.

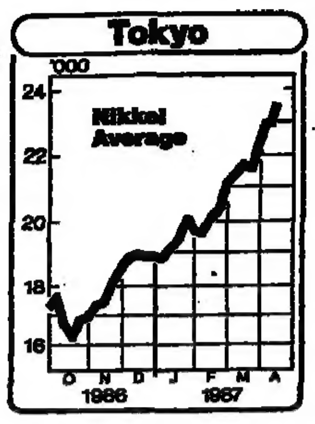
Share prices opened lower almost across the board after a steep fall on Wall Street overnight and the *Nikkei fell 210 in early trading. But* it began to push ahead in mid-morning, led by financials.

Traders said early weakness stemmed from small-lot selling triggered by the fourth steepest slide ever on Wall Street and persistent uneasiness *about recent steady* gains on the Tokyo market. The yen's surge to yet another record against the US dollar on the Tokyo foreign exchange market also prompted early selling.

Financials remained the best performers all day on buying by securities companies. In particular, non-life insurers were sought on low prices relative to those of city banks and securities companies.

Tokio Marine and Fire Insurance was the most active stock among financials, with 20.01m shares changing hands, and it closed Y170 up at Y2,780 after falling Y60 in the morning. At one stage it surged Y190. Yasuda Fire and Marine Insurance put on Y100 to Y1,520, Taisho Marine and Fire Insurance Y160 to Y1,530 and Sumitomo Marine and Fire Insurance Y150 to Y1,890.

City banks and securities firms set records across the board. Yamaichi climbed Y290 to Y2,760, Nomura Securities Y120 to Y5,470, Sumitomo Bank Y380 to Y4,900 and the Industrial Bank of Japan Y500 to Y4,730.



Large-capitals also ended sharply higher after heavy trading. Nippon Steel topped the day's active stock list, with 57.42m shares traded, firming Y13 to Y369, Hitachi Zosen Y14 to Y219, Nippon Kokan Y9 to Y325 and Ishikawajima-Harima Heavy Industries Y21 to Y631.

Buying interest spread to superconductor-related stocks as well. Mitsubishi Metal sprinted ahead Y42 to Y802, Furukawa Electric Y40 to Y655 and Showa Electric Wire and Cable Y52 to Y752.

Elsewhere, Mitsui and Co. was the second busiest issue on volume of 52.93m shares, rising Y31 to Y844, while Kirin Brewery advanced Y230 to Y2,590 on investor interest in the start of the second phase of clinical tests of a blood-making hormone.

Bonds also moved widely after opening easier on an overnight slide in the US Treasury bond market due to mounting anxiety about *higher interest rates and burgeon*ing concern over high prices in Tokyo.

The yield on the benchmark 5.1 per cent 10-year government bond due in June 1996 rose sharply from 3.705 to 3.810 per cent at one stage, but later dropped to 3.790 per cent on rapidly increasing buying.

Institutional investors generally moved to the sidelines, cautious about recent fast rises, although expectations are gradually growing of another discount rate cut by the Bank of Japan.

AUSTRALIA

THE TWO-WEEK bull run came to a halt in Sydney as gold issues led the market down on widespread profit-taking in the wake of Wall Street's losses. The All Ordinaries index fell 19.7 to 1,780.4 from its record close on Monday.

The gold index, which has advanced in leaps and bounds over the past two weeks, dropped 119.7 to 3,454.4, losing 3 per cent of its value.

In heavy trading, Central Norseman fell A$2.50 to A$27.50 and GMK A$2.10 to A$10.00. Kidston was one of the exceptions, adding 60 cents to A$9.60.

In the banking sector, ANZ added 5 cents to A$5.65 following the announcement of bonus issue. Westpace eased 7 cents to A$4.88.

HONG KONG

CONCERN over a possible rise in interest rates fuelled selling in Hong Kong, mainly by *local* investors, and the Hang Seng index fell 40.59 to 2,668.35 for a two-day drop of 98.06.

Properties and trading companies again suffered most from the decline, with speculation about a new stock issue by Jardine Matheson depressing the market. Jardine lost 80 cents to HK$22.50, while Hutchison Whampoa fell HK$1.75 to HK$49.75 and Swire Pacific 30 cents to HK$20.90 in the same sector.

SINGAPORE

NERVOUSNESS about next week's party elections in Malaysia combined with profit-taking to push Singapore stocks down after their recent gains.

Most activity focused on Malaysian issues, but some Singapore blue chips also lost ground. The Straits Times industrial index eased 3.3 to 1,101.05 in slightly lower turnover than on Monday.

Banks were generally easier.

Japan acts to cool investors' ardour

THE TOKYO Stock Exchange (TSE) and seven other Japanese regional exchanges announced yesterday that they will require investors to put up 20 per cent of the price of their purchases in cash. The move, which takes effect today, is intended to cool the overheated stock market, *writes Yoko Shibata in Tokyo.*

The effective curb on trading follows the strong advance of Japanese stock markets recently, despite the yen's strong appreciation and intensifying trade friction between Japan and the US.

The 20 per cent cash portion will have to be deposited with the exchanges, instead of with brokerage houses as has been the practice hitherto. Japan Securities Finance and two other financing companies said they would impose the same measure.

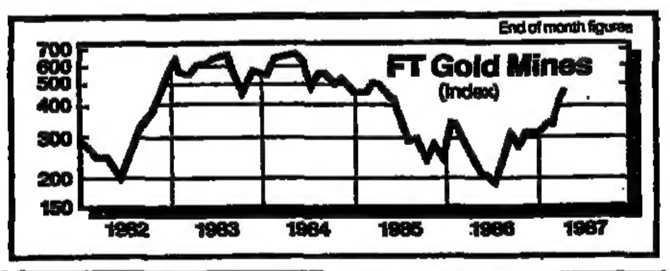
At present, 70 per cent of the price of a stock must be backed by collateral when it is bought on margin (partial credit), but there has up to now been no obligation to put up cash.

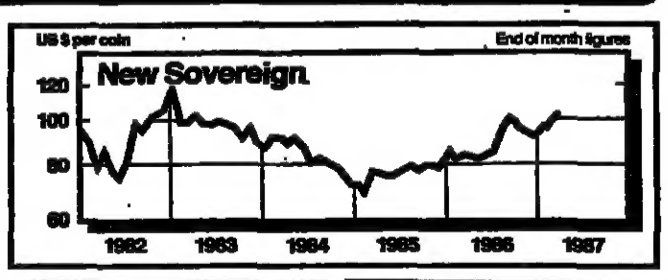
This is the first time that a cash margin has been required since a 10 per cent cash payment was imposed briefly in the spring of 1978.

Nearly half of the recent surge of investment in the stock market by non-financial companies has been carried out through margin transactions, according to exchange officials.

Outstanding margin positions on the Tokyo, Osaka and Nagoya stock exchanges rose by Y66bn ($465m) last week to hit an all-time record of Y4,557.3bn, the Tokyo Stock Exchange announced on Tuesday.

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	April 14	Previous	Year ago
DJ Industrials	2,252.98	2,287.07	1,805.31
DJ Transport	914.90	932.90	786.27
DJ Utilities	192.83	198.59	189.17
S&P Comp.	279.16	285.65	237.28
LONDON FT			
Ord	1,506.7	1,512.4	1,370.8
SE 100	1,908.9	1,917.1	1,683.1
A All-share	960.35	964.66	809.22
A 500	1,088.40	1,070.90	898.28
Gold mines	485.0	438.8	257.4
A Long gilt	9.19	9.29	8.87
World Act. Ind	$126.09	$127.88	$123.33
TOKYO			
Nikkei	23,524.06	22,919.54	15,398.8
Tokyo SE	2,096.92	2,017.24	1,227.10
AUSTRALIA			
All Ord.	1,777.2	1,799.7	1,202.1
Metals & Mins.	1,106.1	1,134.3	559.7
AUSTRIA			
Credit Aktien	198.89	200.34	118.99
BELGIAN SE			
	4,552.85	4,589.92	3,572.94
CANADA			
Toronto			
Met.& Mins.	2,764.3	2,808.5	2,276.0
Composite	3,773.4	3,839.8	3,097.1
Montreal			
Portfolio	1,857.10	1,892.08	1,808.92
DENMARK SE			
	197.30	197.95	248.64
FRANCE			
CAC Gen	444.50	447.40	375.3
Ind. Tendance	112.20	112.70	91.3

WEST GERMANY			
FAZ-Aktien	583.46	577.37	740.96
Commerzbank	1,770.10	1,752.90	2,243.9
HONG KONG Hang Seng	2,668.35	2,708.94	1,765.45
ITALY Banca Comm.	–	727.33	695.39
NETHERLANDS ANP CBS			
Gen	283.60	285.10	272.0
Ind	262.30	264.0	255.4
NORWAY *Oslo SE*	422.24	424.13	390.29
SINGAPORE Straits Times	1,101.00	1,104.30	587.20
SOUTH AFRICA JSE			
Golds	—	2,240.0	1,156.2
Industrials	—	1,783.0	—
SPAIN Madrid SE	234.33	234.95	1,112.3
SWEDEN J & P	2,596.80	2,602.10	2,334.58
SWITZERLAND Swiss Bank Ind	585.80	588.80	601.0

COMMODITIES (London)

	April 14	Prev
Silver (spot)	421.60p	424.00p
Copper (cash)	£914.50	£914.25
Coffee (July)	£1,323.00	£1,286.00
Oil (Brent)	$17.50	$17.5250

GOLD ($/oz)

	April 14	Prev
London	$442.75	$437.25
Zürich	$444.25	$438.25
Paris (fixing)	$439.47	$435.28
Luxembourg	$440.75	$435.45
New York (June)	$454.60	$440.80

CURRENCIES (London)

	US DOLLAR April 14	US DOLLAR Previous	STERLING April 14	STERLING Previous
$	–	–	1.6325	1.6245
DM	1.8020	1.8100	2.9425	2.94
Yen	141.10	142.60	230.25	231.75
FFr	5.9975	6.02	9.79	9.78
SFr	1.4850	1.4865	2.425	2.435
Fl	2.0330	2.0395	3.32	3.31
Lira	1,285	1,288	2,098	2,092.25
BFr	37.40	37.45	61.05	60.85
C$	1.3185	1.3025	2.1625	2.1155

INTEREST RATES

	April 14	Prev
Euro-currencies (3-month offered rate)		
£	10	10
SFr	3¾	3⅝
DM	4	4
FFr	8⅛	8⅛
FT London Interbank fixing (offered rate)		
3-month US$	7⅝	6⅞
6-month US$	7⅝	7
US Fed Funds	6⅛*	6⅛
US3-month CDs	6.70*	6.575
US3-month T-bills	5.935*	6.07

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
April 14				
June	92-24	93-24	91-02	93-30
US Treasury Bills (IMM) $1m points of 100%				
June	93.83	93.88	93.68	93.92
Certificates of Deposit (IMM) $1m points of 100%				
June	–	–	–	93.38
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.77	92.88	92.62	92.99
20-year Notional Gilt £50,000 32nds of 100%				
June	122-24	122-26	120-08	121-22

US BONDS

Treasury	April 14 Price	Yield	Prev Price	Yield
7 1990	98⅞	7.19	98⅝	7.049
7¼ 1993	94⅞	8.047	94⅞	7.846
7¼ 1996	93⅞	8.248	95⅞	8.018
7½ 2016	90⅞	8.415	92⅞	8.22

Source: *Harris Trust Savings Bank*

Treasury Index				
Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	153.17	+0.17	8.83	–0.03
1–10	154.63	+0.12	6.88	–0.03
1–3	144.03	+0.07	6.37	–0.02
3–5	157.57	+0.17	6.71	–0.02
15–30	193.66	+0.59	7.78	–0.03

Source: *Merrill Lynch*

Corporate	April 14 Price	Yield	Prev Price	Yield
AT&T 3⅞ July 1990	93.08	6.50	93.62	6.10
SCBT South Central 10⅞ Jan 1993	104.50	9.85	104.50	9.85
Phibro Sal 8 April 1996	93.94	9.00	95.0	8.65
TRW 8⅜ March 1996	98.75	8.95	100.375	8.89
Arco 9⅜ March 2016	103.50	9.52	105.50	[illegible]
	98.0	99.0		8.65
TRW 8⅜ March 1996	98.75	8.95		
		8.27		
Citicorp 9⅜ March 2016	94.10	10.00	97.0	9.88

Source: *Salomon Brothers*

* Lowest available figures

EUROPEAN BANKING CONFERENCE

Milan, 18 & 19 May 1987

Italian banking and finance and the impact of the financial services revolution in Italy provide the subject matter for the first day of this year's Milan conference. Major international questions including issues of interest to Euromarkets practitioners are to be discussed on the second day. Among the speakers are:-

On Bettino Craxi
Acting Prime Minister, Italy*

On Giovanni Goria
Treasury Minister, Italy

Dr Nerio Nesi
Chairman
Banca Nazionale del Lavoro

Dr Guido Vitale
Managing Director
Euromobiliare SpA

Mr Teruyoshi Yasufuku
Senior Managing Director
The Sanwa Bank Limited, Tokyo

Dr Massimo Russo
Director-General
Economic and Financial Affairs Directorate
Commission of the European Communities

Mr Stephen I Danzansky
Special Assistant to the President of the United States

The Rt Hon Denis Healey, CH, MBE, MP
Shadow Spokesman on Foreign Affairs
Former Chancellor of the Exchequer, UK

Mr Jack Hennessy
Chairman & Chief Executive Officer
Credit Suisse First Boston Ltd

Mr Win Bischoff
Chairman
J Henry Schroder Wagg & Co Limited

Mr Richard Lutyens
Managing Director
Merrill Lynch Europe Limited

Mr Richard Lehmann
Senior Corporate Officer
Citibank NA

Mr Winfried H Spaeh
Senior General Manager
Dresdner Bank AG, New York

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